

fund focus



November 2014

BGF Euro Bond Fund

Investment strategy and investment process

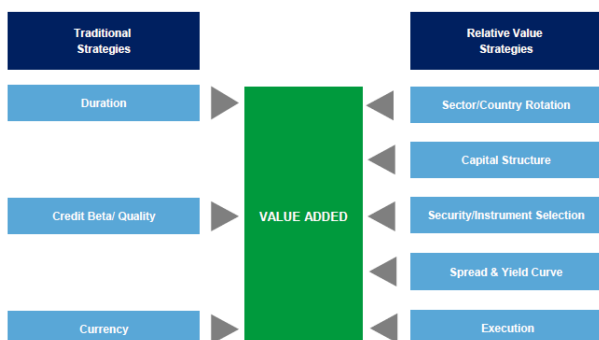
The fund invests at least 80% of its assets in first class investment grade bonds. At least 70% are invested in bonds denominated in EUR, currency risk is flexibly managed. The investment goal is to achieve a maximum return. The management team combines traditional strategies with relative return strategies. The traditional ones encompass duration management, credit selection and currency bets; the relative value ones encompass more complex ones such as the positioning on the yield curve or the exploration of different evaluations within the sectors. Some of these strategies have low correlation to each other and are therefore an attractive alpha source for the fund. BlackRock has their own controlled trading system which is very effective in handling each trade at best execution. Duration is actively managed and can deviate +/-2.5 years from the one of the benchmark. The weighting in government bonds is at least 30% (usually not less than 50%), the one in corporate bonds typically not more than 30%. The fund has a high average credit rating. Another important feature of the fund is its diversification: It holds 400 positions.

Fund management company

BlackRock (BGF) was founded in 1988. With assets under management of USD 3.65 trillion at present, it is one of the world's biggest asset management companies. In 2006, BlackRock merged with Merrill Lynch Investment Managers and now employs over 9,300 people in 26 countries. The range of funds managed is very broad, covering all investment classes (equities, bonds, money market, alternative investments). At the end of 2009, Barclays Global Investors (iShares, etc.) was integrated into BlackRock, making it the biggest fund provider worldwide at present.

Investment team

The fund is managed by a larger team headed by Michael Krautzberger (head of European fixed income portfolio). Krautzberger is working for the company since June 2006 and is one of the industry's best known fixed income managers.



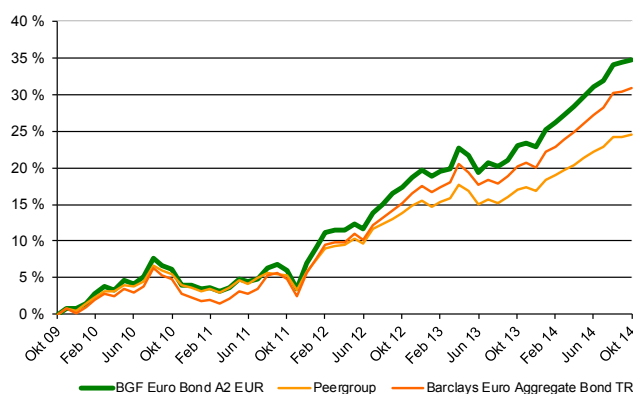
Fixed Income EUR

Key data

Launch	31.03.2008
Fund currency	EUR
Management fee	0.75%
Performance fee	None
Benchmark	Barclays Euro Agg 500/MM TR
TER	0.97%
Fund volume	EUR 3 billion

Identification codes/licences

Swiss sec. no./WKN	226'677 / 973'514
ISIN code	LU0050372472
Sales licences	CH, DE, AT
Website	http://www.blackrockinvestments.ch



	2014 ytd	2013	2012	2011
Fund	9.64%	2.69%	11.82%	3.06%
Peer group	6.59%	1.11%	9.15%	2.17%
Ranking	15/115 (1)	21/109 (1)	25/103 (1)	29/94 (2)
Benchmark	9.05%	2.17%	11.19%	3.24

The fund has an excellent track record. It outperformed the peer group and the benchmark over various periods, sometimes significantly.

Reasons to invest

- Fund invests mainly in first class bonds (corporate and governments)
- Combines traditional with relative value strategies
- Well known management team with excellent track record

Source: IUM (Thomson Reuters) and fund management company

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St.Galler
Kantonalbank

Overview Share Classes

BGF Euro Bond

Identifier	Fund	Paid / Retained	Currency	Notes	Total Fee	Sales licences	Segment
226'677	BGF Euro Bond A2	Retained	EUR		0.98%	CH, DE, AT	Retail
4'301'765	BGF Euro Bond I2	Retained	EUR		0.47%	CH, DE, AT	Institutionel
20'351'582	BGF Euro Bond D2H	Retained	USD hedged		0.62%	CH, DE, AT	Institutionel

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