

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.

BLACKROCK STRATEGIC FUNDS

Registered office: 49, avenue, J.F.Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
R.C.S. Luxembourg B 127481

22 July 2016

Dear Shareholder

The board of directors (the “Directors”) of BlackRock Strategic Funds (the “Company”) is writing to you to advise you of changes that it proposes to make to the Company and its sub-funds (“the “Funds”).

The changes set out in this letter will take effect from 22 August 2016 (the “Effective Date”) and this letter forms notice to shareholders of the facts set out below. Terms defined in the Company’s prospectus (the “Prospectus”) bear the same meaning herein.

1. **Legal costs associated with non-EU withholding tax reclaims**

The Company has been filing withholding tax reclaims in a number of investment markets where it has suffered withholding tax that is considered to be contrary to legal arrangements between the relevant nations. In recent years, the Company has had a good degree of success with its reclaims in the European Union and the tax recovered has substantially outweighed the associated legal costs of filing such reclaims. The legal costs associated with filing EU withholding tax reclaims are currently paid out of the assets of the relevant Funds, whereas any legal costs associated with filing non-EU withholding tax reclaims have been paid out of the Administration Fee received by the Company’s management company, BlackRock (Luxembourg) S.A. (the “Management Company”).

It is now intended to amend the Prospectus to provide that any legal costs associated with filing non-EU withholding tax reclaims will also be paid out of the assets of the relevant Funds. In this regard, from the Effective Date, the legal costs associated with filing withholding tax reclaims outside of the EU will no longer be paid out of the Administration Fee, but will instead be paid out of the assets of the relevant Funds. Such costs will be allocated between the relevant Funds on a pro rata basis and may result in an immaterial increase in the fees applied to the relevant Funds to the extent a reclaim is not successful.

2. **Depositary Fee**

The Depositary receives a fee in respect of each Fund for safekeeping of assets and transaction costs that are applicable to each Fund.

The level of fees payable for each Fund varies and is determined by the value of assets under management and the volume of trading in that Fund. At present, the chargeable range for Funds which engage in higher trading volumes, is 1 basis point to 20 basis points of assets under management for each Fund. From the Effective Date, the chargeable range will be 1 basis point to 25 basis points of assets under management for each Fund. The increase in range is being triggered by the implementation of the UCITS V Directive which increases the Depositary’s duties to the Funds.

3. **Costs associated with the Company entering into a credit line**

The prospectus is being updated to provide that, if the Company enters into a credit line on a short term basis for the benefit of the Funds, any costs associated with entering into such a credit line (including repayment of any monies borrowed, together with accrued interest, and, from the Effective Date, any commitment fee payable thereon), is payable out of the assets of the relevant Funds. To date, as per the terms of the Prospectus, any commitment fee associated with entering into a credit line is payable out of the Administration Fee received by the Management Company. In this regard, from the Effective Date, any commitment fee associated with entering into a credit line by the Company will be paid out of the assets of the

relevant Funds. Such fee will be allocated between the relevant Funds on a pro rata basis and may result in an immaterial increase in the fees applied to the relevant Funds.

4. **Impact on Shareholders**

Shareholders who do not agree with the changes described in this letter may redeem their Shares free of any redemption charges at any time prior to the Effective Date, in accordance with the provisions of the Prospectus.

Redemption proceeds will be paid to Shareholders within three Business Days of the relevant Dealing Day, provided that the relevant documents (as described in the Prospectus) have been received.

5. **General Information**

Updated versions of the Prospectus will be available to Shareholders in due course. Copies of the Company's Articles of Incorporation, annual and semi-annual reports are also available free of charge upon request from your local representative.

The Directors accept responsibility for the contents of this letter. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that this is the case) the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the impact of such information.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Nicholas C.D. Hall'.

Nicholas C.D. Hall
Chairman