

## Category: Best ESG Investment Fund: Emerging Markets

### BlackRock BGF Sustainable Emerging Markets Bond Fund

BlackRock's Emerging Markets Debt team is one of the largest and most specialised EMD teams in the industry, with a total of 34 dedicated investment professionals. The entire EMD is supported by a vast amount of BlackRock resources, including Sustainable Investing, Fixed Income ESG and Investment Stewardship teams.

The BGF Sustainable Emerging Markets Bond Fund seeks to outperform the JP Morgan ESG EMBI GD Index alongside its sustainable objectives. We seek to have a portfolio that as a whole pollutes less than the traditional universe, contributes less to global warming and has a larger proportion of Green, Social and Sustainability (GSS) bonds.

In recent years, the fund delivered strong active performance despite the challenging environment that saw Covid-19 shock, tightening financial conditions, and idiosyncratic events in Turkey, Russia and Belarus. Our strong research capabilities with full ESG integration played an important role. This year, the largest contributors were underweight exposures to Russia and Belarus. Despite Russia's strong fundamentals, our comprehensive ESG assessment highlighted important risks, suggesting an underweight. We avoided investing in Belarus as we saw material vulnerabilities using metrics such as Voice & Accountability and Rule of Law.

We believe the following points differentiate us from peers:

1. **ESG Integration.** Since ESG is material to the performance of EMD, we fully incorporate it in the investment team's bottom-up research process which applies to every issuer in our portfolio, utilising several internal research frameworks and dashboards.
2. **ESG Exclusions.** While automatic sustainability filters are applied to our fund, our active approach adds an important layer of qualitative judgement to exclude names with high ESG risks, utilising our internal frameworks.
3. **Sustainable Investing.** Our fund has clear sustainable objectives that coexist with financial objectives. Our deep expertise in GSS bond markets allows us to maximise opportunities for engagement with issuers.