



October 2022

BlackRock

Sustainable Emerging Markets Bond Fund

A sub-fund of BlackRock Global Funds (BGF)

The Fund is actively managed, and the investment adviser (IA) has discretion to select the Fund's investments, provided that the Fund will invest at least 70% of its total assets in fixed income (FI) securities within the J.P. Morgan ESG Emerging Market Bond Index Global Diversified (the "Index" and the securities comprised within it being "Index Securities") which comprises FI securities issued by governments and government agencies of, and companies domiciled in, or the main business of which is in, emerging markets. The Fund will also refer to the Index for risk management purposes to ensure that the active risk (i.e. degree of deviation from the Index) taken by the Fund remains appropriate given the Fund's investment objective and policy. The IA is not bound by the weighting of the Index when selecting Index Securities. The geographical scope and the environmental, social and governance ("ESG") requirements of the investment objective and policy may have the effect of limiting the extent to which the portfolio holdings will deviate from the Index. The Index should be used by unitholders to compare the performance of the Fund.

FOR PROFESSIONAL, INSTITUTIONAL, AND QUALIFIED INVESTORS/PROFESSIONAL CLIENTS AND EXISTING SEA PROFESSIONAL INTERMEDIARIES ONLY

BlackRock EMD Capabilities



Seeking sustainable objectives and durable alpha.

BlackRock's active investment teams seek to identify Environmental, Social, and Governance (ESG) insights that expose potential risks and country growth drivers – uncovering potential investment opportunities that seek to address both alpha generation and sustainability goals.

Executive Summary

Resources

33 investment professionals dedicated to EMD supported by BlackRock's Fixed Income platform led by Rick Rieder

Process

Combines **global asset allocation frameworks** with **local idiosyncratic analysis** to build portfolios

Research

Bottom-up issuer research combines **fundamental, local intelligence**, and **quantitative** approaches

ESG

All team members focus on **ESG integration**, supported by BlackRock's Fixed Income ESG platform and Sustainability teams (BSI).

Source: BlackRock, as of 30 September 2022. BSI stands for BlackRock Sustainable Investing

BlackRock's Emerging Markets Debt team

Team Features

- One of the largest and most specialised EMD teams in the industry
- 33 investment professionals fully dedicated to EMD
- Solutions provider supported by significant trading, risk, and platform resources
- Team fully embedded in BlackRock's fixed income platform
- Innovative ESG approach focused on idea generation
- Assets under management: USD 30 billion

Amer Bisat (30), global head of EMD

M. Aubenas, Head of HC sovereign debt

Sovereign PM/research

M. Aubenas (21)
P. Goldberg (27)
N. Ng Yan Luk (18)
S. Zanardini (13)
K. Veretinskii (9)
K. Leiton (10)
A.S. Monck (4)
W. Manan (4)
M-D. Vlad (1)

Corporate PM/research

J. Deino (28)
C. Merrill (24)
J. Schwartz (20)
J. Yu (15)
M. Yu (14)
N. Do Nascimento (11)
M. Siniscalco (2)
C. Ward (5)

Local PM/research

L. Develay (22)
M Wozniak (21)
P. Goldberg (27)
N. Ng Yan Luk (18)
M. Katrencik (9)
N. Do Nascimento (11)
W. Manan (4)
N. Dhingra (3)

Product Strategy

E. Bettoni (24), W. Rodriguez (22), K. Mapara (7)
A. Nazarova (6), O. Bailey (4), A. Moreno (7), C. Chiu (4)

Core PM

Q. Ton (17) J. Berardo (9)

RQA

O. Uras (12), M. Shevchenko (6)

Supported by BlackRock's Global Investment Platform

Fixed Income Platform under Rick Rieder's leadership (US\$2.5 trillion AUM)

Trading and Liquidity (27 EMD traders)

RQA and BlackRock Solutions

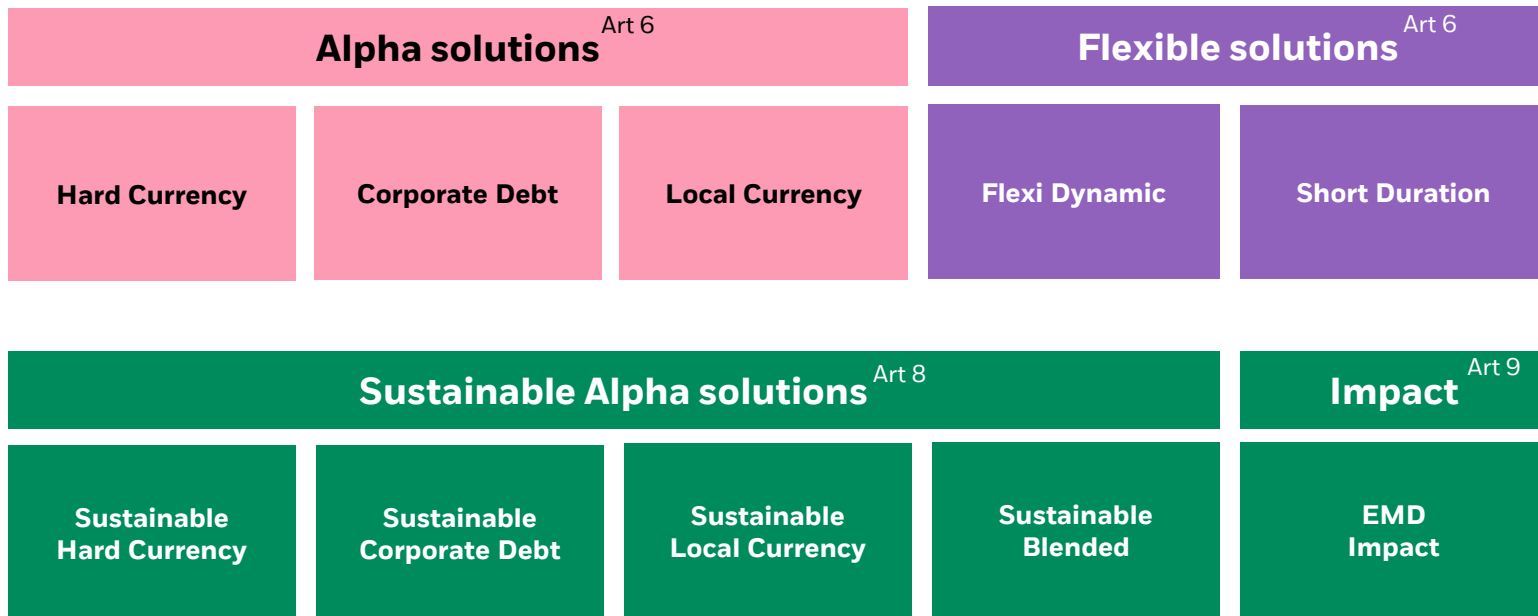
Dedicated Specialist ESG Resources

EM Equities

RQA stands for Risk & Quantitative Analysis Group. () denotes years in industry.
Source: BlackRock, as of 30 September 2022.

BlackRock Active EMD Solutions

Comprehensive range of solutions



There can be no guarantee that the investment strategy can be successful.

Source: BlackRock, as of 30 September 2022.

Our Approach to ESG in EMD

Our funds seek to deliver alpha within a robust sustainable framework

1

Particular focus on materiality

- In our view, certain ESG characteristics can have a **material** impact on EMD performance
- We seek to understand and manage ESG related **risks** while identifying inflexion points that could lead to additional **alpha** opportunities
- We deal with the **wealth bias** and **static information** by focusing on ESG direction, specific ESG KPIs in internal frameworks and incorporating qualitative idiosyncratic analysis in every issuer

2

Full ESG research integration

- ESG criteria is directly integrated into the country research process, providing an important dimension for security selection
- ESG coexists with other alpha factors such as monetary policy, fundamentals and technicals

3

ESG Benchmark as a starting point

- In 2017, BlackRock partnered with JP Morgan index team to create a new family of JESG EMD benchmarks for the industry
- The universe maintains similar risk/return and diversification characteristics than the traditional benchmark, retaining the potential for total return and alpha generation
- Used as a starting point, it reduces tail risk by removing worst inflictors and high risk ESG names without limiting the investment universe significantly

Source: Blackrock, as of 30 September 2022. For illustrative purposes only. Subject to change. Investment philosophy and process subject to change and provided here for illustrative purposes only.

BGF Sustainable Emerging Markets Bond Fund



Universe: eVestment Global Emerging Mkts Fixed Income - Hard Currency

	VT	RM	Returns Since Inception 3.67 Years ²		Standard Deviation Since Inception 3.67 Years ²		Tracking Error Since Inception 3.67 Years ^{1 2}		Information Ratio Since Inception 3.67 Years ^{1 2}	
				Rk		Rk		Rk		Rk
5th percentile			3.97		6.46		1.29		1.05	
25th percentile			2.86		10.33		2.09		0.50	
Median			2.26		11.39		2.95		0.29	
75th percentile			1.64		12.55		4.11		0.06	
95th percentile			-0.02		14.12		5.81		-0.42	
# of Observations			99		99		99		99	
◆ BlackRock	SA	GF	3.70	7	10.71	30	2.38	34	0.95	9
■ JP Morgan Index	DX	DX	1.44	79	10.75	31	0.00	1	---	---

Results displayed in USD using Spot Rate (SR).

¹JPM EMBI Global Diversified; ²08/2018 - 03/2022

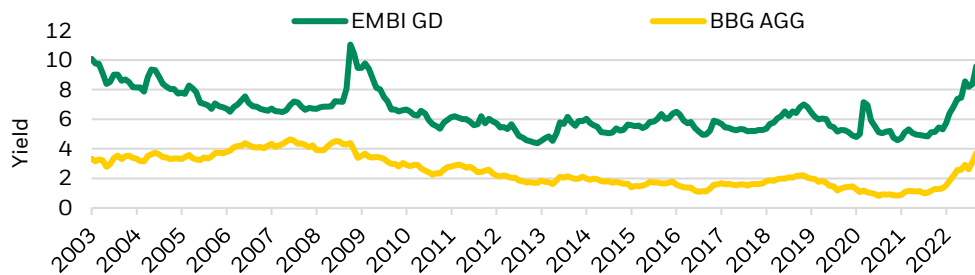
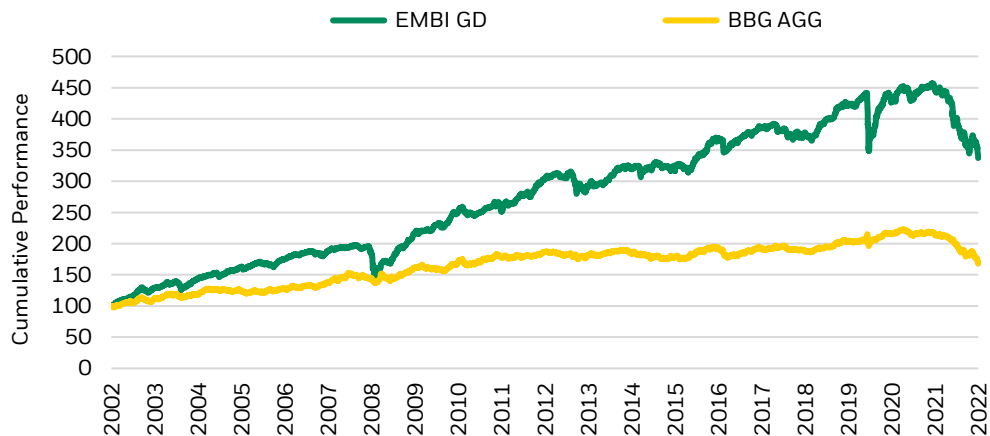
Source: eVestment, As of 31 March 2022. Data shown since inception (inception date July 2018).

Peer universe: eVestment Global Emerging Markets Fixed Income – Hard Currency.

EM Debt Asset Class Opportunity

EMBI Global Diversified Universe

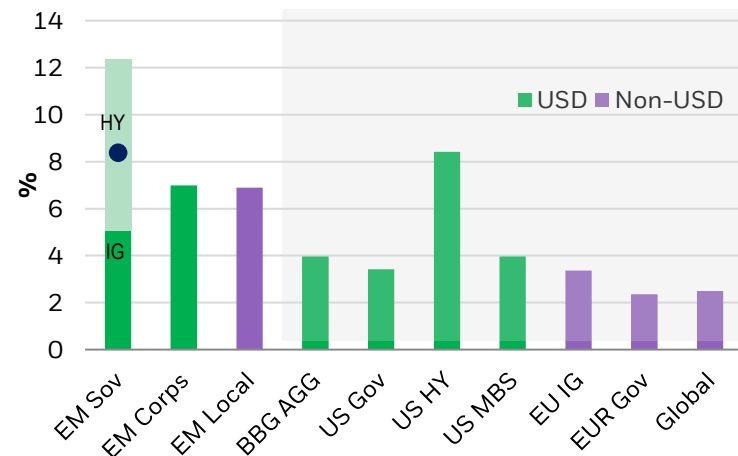
Historic Performance and Yield



Index statistics	EMBI GD	BBG AGG
20Y Return (Ann.)	6.28%	2.69%
20Y Vol (Ann.)	8.93%	5.85%
20Y Sharpe Ratio	0.70	0.46

Index statistics	YTD	2021	2020	2019	2018	2017
EMBI GD	-19.89%	-1.80%	5.26%	15.04%	-4.26%	10.26%
BBG AGG	-23.95%	-4.71%	9.20%	6.84%	-1.20%	7.39%

EM Sovereign Yield versus FI asset classes



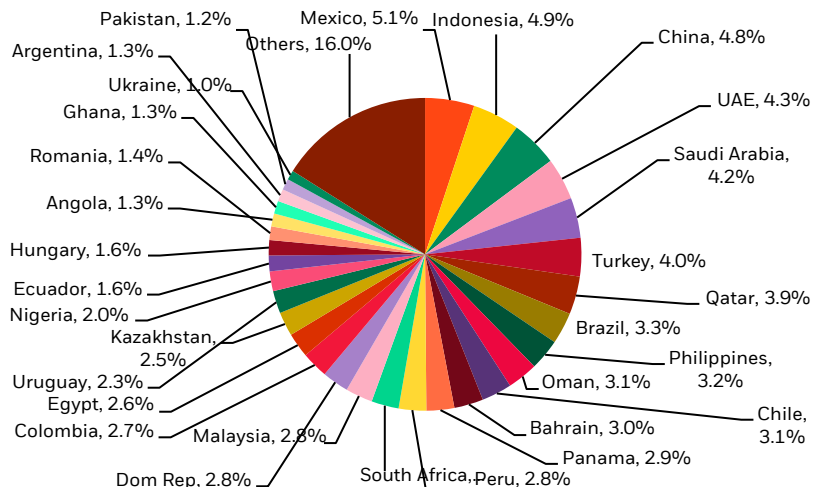
- Over the long term, the EMBI GD index has an **annualised return of 6.90%**
- The EMBI universe **offers an attractive yield versus other FI asset classes**, with the opportunity to further improve yield by increasing allocation to EM HY
- The index has a **higher risk-adjusted return** versus the Bloomberg Barclays Global Aggregate Bond Index

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Source: BlackRock, JP Morgan, as of 30 September 2022. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. "EMBI GD" is the JP Morgan Emerging Markets Bond Index Global Diversified ; "BBG AGG" is the Bloomberg Global Aggregate Index.

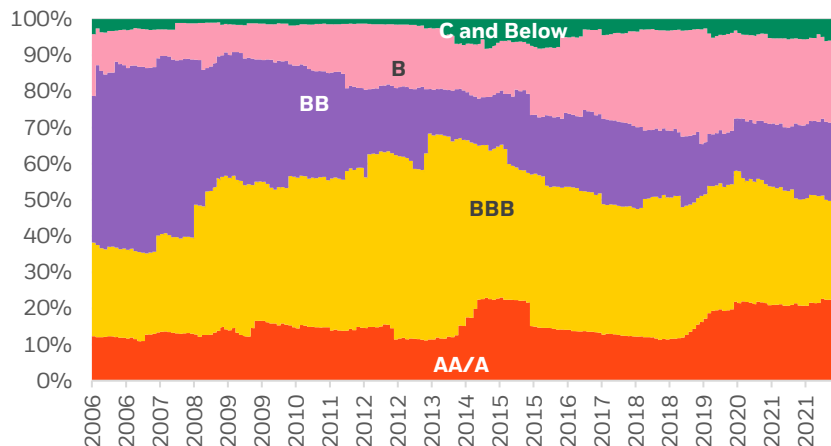
EMBI Global Diversified Universe

Diversified Investment Universe – 70 countries



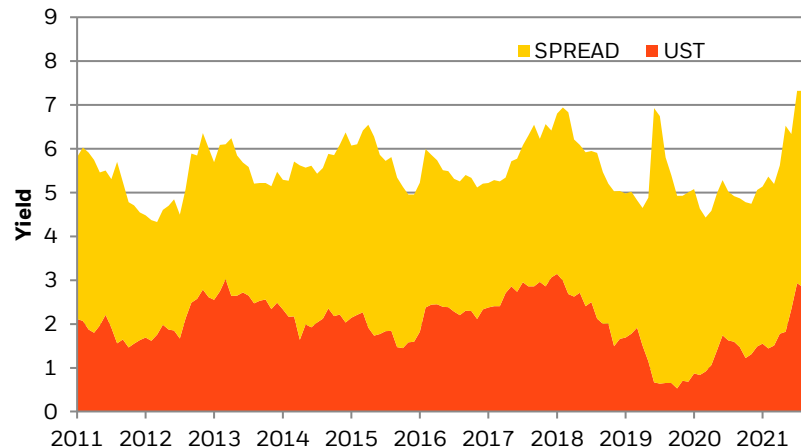
Source: BlackRock, as of June 2022. Data reflects the JPM EMBI GD Index.

Opportunities within the full rating spectrum



Source: JP Morgan, BlackRock, 30 June 2022. Data reflects the JPM EMBI GD Index.

EMBI Yield Components



Source: Bloomberg, as of 30 June 2022.

- **Highly diversified**, across regions and rating segments
- **High coupon income in USD**
- **Long-term performance vastly dominated by coupon**
- **Well balanced exposure to commodities** (exporters and importers representing about half of the market capitalisation)
- **Active managers can exploit the diverse opportunities across countries, ratings segments, income, duration and curve to generate alpha by using robust fundamental research**

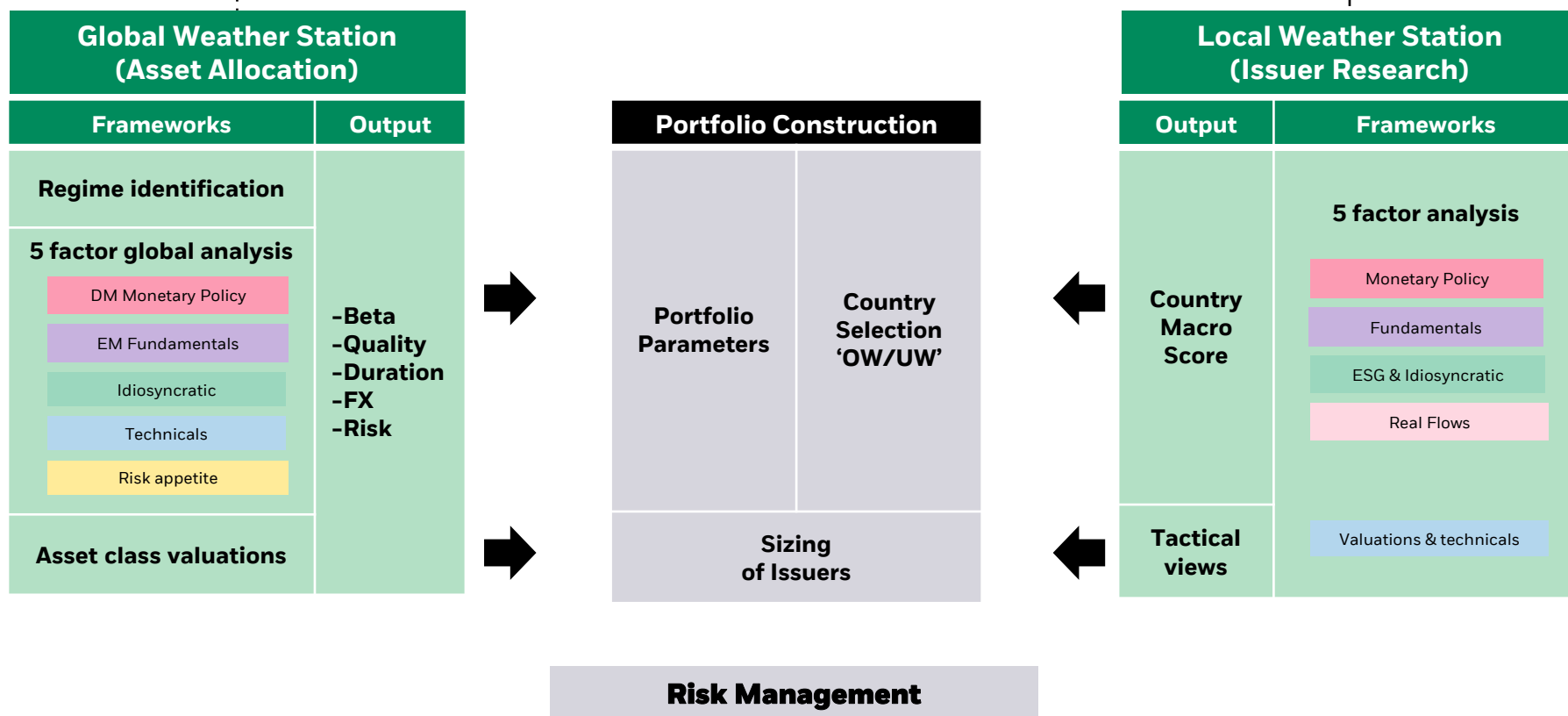
Geographic exposure relates principally to the domicile of the issuers of the securities held in the product, added together and then expressed as a percentage of the product's total holdings. However, in some instances it can reflect the country where the issuer of the securities carries out much of their business. Allocations are subject to change. Due to rounding, the total may not be equal to 100%.

Investment Process

Investment Process Overview

- The team collectively applies comprehensive global and local research frameworks to determine inflexion points
- Research intensive investment process

Trifecta of Fundamentals, Technicals and Valuations for global and issuer research



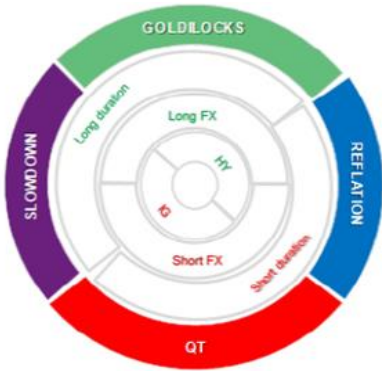
Source: BlackRock, 30 September 2022. Investment process subject to change and provided here for illustrative purposes only.

Global Weather Station

Asset allocation - analysing global inflection points and valuations

- The Global Weather Station (GWS) is our disciplined framework to analyse and project the evolution of top global market drivers and identify inflection points in macro market regimes
- The analysis is centred on five global factors, followed by an analysis of the prevalent and potential market regimes. It helps the PMs make informed asset allocation changes in the portfolio
- Asset allocation changes are made when team identifies a shift in the macro regime.

Regime Identification



Market Direction: 5-Factor Analysis

Financial Drivers	Impact	Team Vote	Vote Evolution
DM monetary policy: <i>Easing / tightening cycles</i>	Dollar Duration	-5% -31%	
EM fundamentals: <i>Cyclical growth, credit cycle, commodities</i>	Quality HY/IG	-33%	
EM idiosyncratic risk: <i>Elections, policy response and reforms</i>	Selection / RV	-13%	
Technical: <i>Flows, supply, liquidity, valuations</i>	Beta	1%	
Global Risk Appetite	VaR	-17%	
Total sentiment output	Portfolio	-97%	

Asset Class Valuation

Relative valuation

- by Rating Bucket
- HY versus IG
- versus EM asset class
- versus Developed Markets
- versus Equities

Output

- Beta
- USD
- Duration
- Quality
- VaR

Source: BlackRock, as of 4 October 2022. This material is shown for illustrative purposes only and represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding the funds or any security in particular.

Local Weather Station

Creation of country macro scores

- Sovereign risk analysis is an essential part of the investment process
- The first four factors are analysed to extract conclusions and creation of macro scores
- The results are summarised on the country's 'landing page'

Monetary Policy	Central Bank policy and inflation are key drivers for EM which are closely monitored and assessed to determine the evolution of rates.
Fundamentals	Analysis and monitoring of a wide set of variables such as employment level, debt/GDP ratio that defines a fundamental picture of an issuer.
ESG & idiosyncratic	Country analyst views expressed across E, S and G factors, with a focus on materiality. Intimate idiosyncratic knowledge of the issuer to interpret the evolving political landscape.
Real Flows	Monitoring bond issuance, FDI and current account level, is essential to building a comprehensive technical picture.

Mexico Conclusions

Bottom Line: NEUTRAL

Rationale:

- AMLO's frugality has been both a curse and a benefit: growth is mediocre, but Mexico looks better than its peers on fiscal and debt-sustainability
- The business environment stays depressed due to counterproductive micro policies, particularly in the energy sector
- Banxico has consistently been tightening rates in the context of persistent inflation despite fears of dovish-leaning appointees

Upside/Downside risks & signposts:

- + The US pull has been moderated due to shortages in the auto sector, but that problem is getting resolved and can help Mexico in 2022/23
- A US recession could drag Mexico at the time when the next presidential elections

Summary of Factors	Mon Pol & Inflation	<ul style="list-style-type: none"> • Banxico hiked rates to 6.50%, with the market pricing in a ~9% terminal rate • There is room for acceleration to 75bps in the next meeting, but still not the base case after the Fed ruled out such increment • The current level of rates is still expansionary, as Banxico indicated a neutral rate range of ~6.3-7.9% • Inflation of 7.5% is well above the 2-4% central bank target range
	Growth & Fiscal	<ul style="list-style-type: none"> • Since 2019, economic growth has been very sluggish; even after the 2021 recovery, today's output level is below 2018 levels • AMLO's fiscal prudence helped preserving the country's balances, but has been a drag on the post-COVID recovery, which appears to have stalled • The medium-term plan sticks to fiscal discipline, with primary balances and debt levels moderately declining from the current ~60% level
	Idio	<ul style="list-style-type: none"> • Higher oil prices help PEMEX, but at the overall public sector level the benefits are limited by the increasing tax subsidies on fuels and electricity introduced by the government; the administration will continue to support PEMEX, although direct transfers will be lower if PEMEX earnings improve • Following the revocation referendum, politics should remain subdued until the next presidential elections in 2024, where Morena is currently favored to retain power
	Flows	<ul style="list-style-type: none"> • After an unusual trade surplus period, the economy is back towards trade deficits, however historically high remittances helped containing the current account deficits; absent a major contraction in the US, those remittances should continue to remain supportive • The external balances are healthy with close to \$200bn of international reserves

ESG strengths & weaknesses:

- High unemployment, informal jobs, and low provision of public services keep social development depressed and provides room for the growth of the narco-regime. Despite his populist approach, AMLO is not pursuing reforms to attend the problem



Country Macro Scores

Country	Monetary Policy		Fundamentals		Idiosyncratic & ESG		Flows			Team View
	Rates	FX	Growth	Fiscal	Idiosyncratic	ESG/Other	Flows	Current Account	FDI	
Mexico	-1	1	0	0	0	0	0	-1	1	NTRL

Source: BlackRock. All screenshots are for illustrative purposes only and do not represent actual data. Investment process is shown for illustrative purposes only and is subject to change.

Proprietary Valuation Dashboards

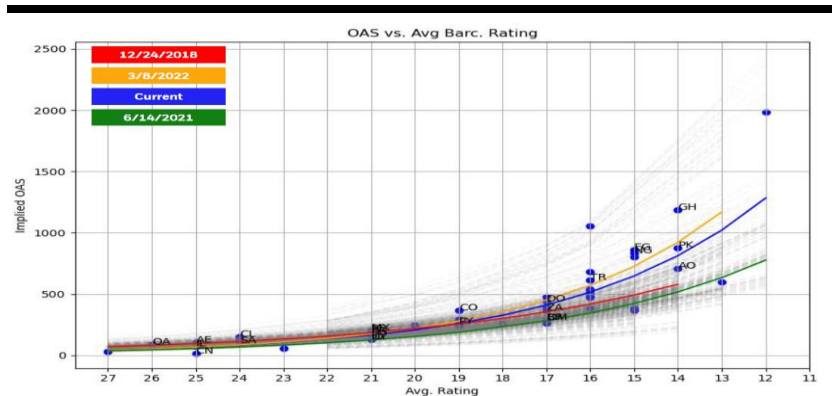
Relative valuations and curve tools

- Proprietary models are used to determine fair market valuation, to identify market dislocation and attractive opportunities
- These are analysed during the specialised pod meetings

Index Valuation Dashboard

Market	Index	Current Sprd	Curr. - 1YR Avg.	1 YR Std.	1YR Z score	3YR Z score	5YR Z score
EM Sovereign							
Overall	EMBIGD	346	55	20	2.7	0.6	1.0
BBB	EMBIGD BBB	232	42	14	3.0	0.7	1.1
BB	EMBIGD BB	359	40	20	2.0	0.3	0.7
B	EMBIGD B	691	123	51	2.4	0.6	1.1
IG	EMBIGD HG	199	30	11	2.9	0.5	0.8
HY	EMBIGD HY	535	84	35	2.4	0.5	1.0
EM Corporates							
Overall	CEMBI	330	48	39	1.2	0.1	0.4
EM IG	CEMBI HG	200	33	24	1.3	0.1	0.3
EM HY	CEMBI HY	538	54	52	1.0	-0.1	0.3
US Corporates							
US IG	JULIex-EM	158	39	17	2.3	0.4	0.5
US HY	US HY	492	92	25	3.7	0.0	0.2
Local Rates							
EM Local Yields	GBI	706			2.5	3.2	1.9
EM Local - UST	GBHUST	407			0.5	0.9	1.2
FX							
EM FX Index	EM FX	51.5			1.4	1.7	1.6
EM FX / DXY	EM FX / DXY	0.5			2.0	2.6	2.0
Equities							
EM Equities	EEM	39.9			2.7	1.1	1.1
Differentials							
		Current Level	Curr. - 1YR Avg.		1YR Z score	3YR Z score	5YR Z score
Sovereign							
EM IG - US IG		41	-9	11	-0.8	0.2	0.6
EM HY - US HY		42	-8	25	-0.3	1.0	1.4
Corporates							
EM IG - US IG		41	-6	15	-0.4	-0.5	-0.3
EM HY - US HY		45	-38	39	-1.0	-0.3	0.2
EM Corporates - EM Sovereign							
CEMBI - EMBIGD		-16	-7	25	-0.3	-1.0	-1.3
CEMBI IG - EMBIGD IG		0	-2	17	-0.1	0.7	0.9
CEMBI HY - EMBIGD HY		-38	-24	44	-0.5	0.4	-0.1

Credit Curve Evaluation

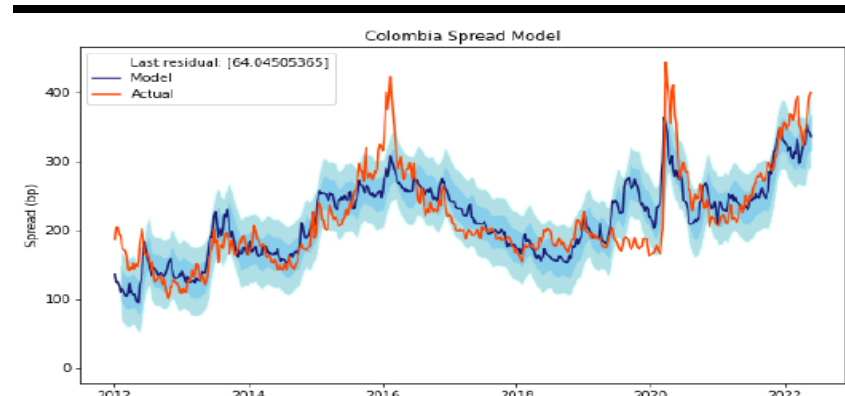


Source: BlackRock. All charts and screenshots are for illustrative purposes only and do not represent actual data. Investment process is subject to change.

Credit Rating Model Output

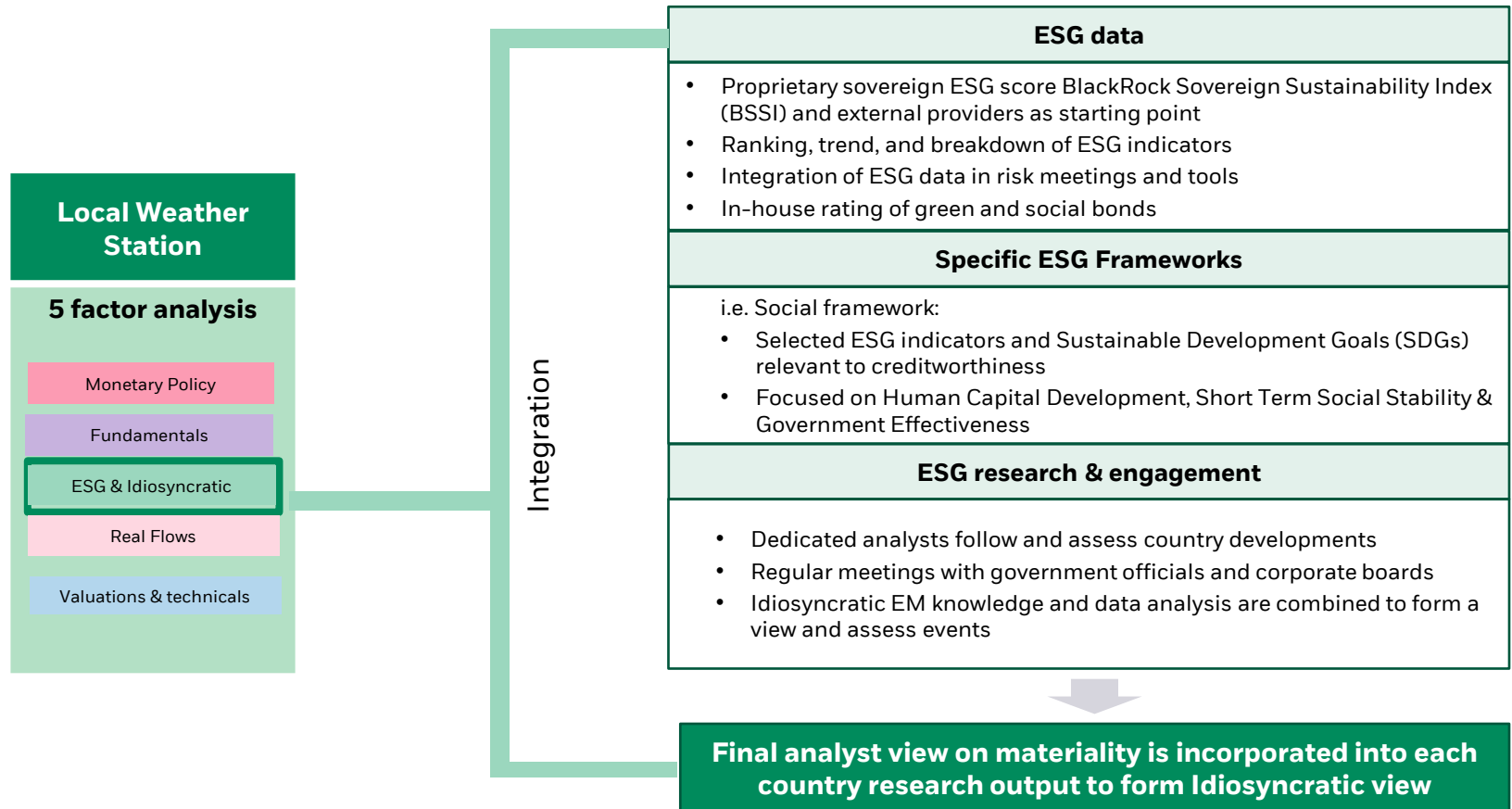
SP Rating	Avg. Rating	Country	Z-Sprd	Sprd 1YR	Sprd 3YR	Sprd	Fit	Downgrade	Upgrade	Residual	1YR Avg. Residual	1YR Z-Score	3YR Z-Score	FH Z-Score
AA	27	Korea_South_Republic_of	32	0.8	-0.8	-1.5	42	52	33	-10	-7	-0.6	-0.3	0.1
AA-	26	Qatar	88	1.2	-0.3	-0.5	52	66	42	35	31	0.6	-0.1	0.1
A+	25	China	15	-1	-1.2	-1.2	66	83	52	-51	-35	-2.6	-1.3	-1
	25	Israel	73	2.3	0.2	-0.1	66	83	52	7	1	1.9	1.4	1.8
	25	United_Arab_Emirates	102	0.9	-0.1	-0.2	66	83	52	36	42	-0.5	-0.2	0.2
A	24	Bermuda	131	2.2	-0.1	-0.7	83	104	66	48	34	1.7	0.1	-0.5
	24	Saudi_Arabia	99	1.1	-0.5	-0.7	83	104	66	16	18	-0.3	-1.1	-1.5
	24	Chile	152	2.1	1.5	2.5	83	104	66	70	39	1.6	2.3	3.7
A-	23	Malaysia	55	-0.6	-1.2	-1.3	104	131	83	-49	-27	-2.3	-2.5	-1.9
BBB	21	Philippines	164	3.1	1.7	0.2	164	206	131	0	-44	2.8	2.7	1.7
	21	Panama	182	2.5	1.1	1.1	164	206	131	17	-2	1.8	2.5	1.7
	21	Mexico	202	2.7	0.4	0.8	164	206	131	37	23	1.7	0.9	1.1
	21	Indonesia	131	2.7	-0.1	-0.6	164	206	131	-34	-36	0.4	-0.4	-0.4
	21	Hungary	179	1.7	0.2	-0.6	164	206	131	14	-42	2.5	2.5	0.2
	21	Uruguay	130	2.2	0.1	-0.5	164	206	131	-34	-31	-0.7	0.3	0.5
	21	Peru	196	2.5	2.2	0.7	164	206	131	31	25	0.4	1.4	1.9
BBB-	20	Romania	247	2.4	2.8	0.5	206	259	164	40	-15	1.9	2.6	0.6
BB+	19	Paraguay	255	2.5	1.2	0.8	259	326	206	-5	-24	1.7	2.1	2.1
	19	Serbia_Republic_of	287	2.5	0.2	-0.5	259	326	206	27	-42	2.1	0.8	-0.2
	19	Azerbaijan	232	1.3	0.2	-0.2	259	326	206	-27	-22	-0.3	-0.4	-0.9
	19	Colombia	365	2.1	2.2	2.2	259	326	206	106	54	1.5	2.4	3
	19	Morocco	293	2.6	3.6	2	259	326	206	33	-4	2	2.4	1.2
BB	18	Trinidad_and_Tobago	263	0.5	0	0.8	326	410	259	-63	15	-2	-2.5	-1.5

Credit Spread Models



ESG Integration into the Sovereign research process

- Internal frameworks take granular data from multiple sources to identify ESG-related inflexion points or vulnerabilities that the country faces
- Country analysis combine their knowledge on ESG status and direction from the frameworks with their knowledge of day-to-day changes in headlines, in order to flag when an ESG factor is becoming material for asset prices.



Source: BlackRock, as of 30 September 2022. This information should not be relied upon as research, investment advice, or a recommendation regarding any products, strategies, or any security in particular. This is for illustrative and informational purposes and is subject to change. It has not been approved by any regulatory authority or securities regulator. The environmental, social and governance (“ESG”) considerations discussed herein may affect an investment team’s decision to invest in certain companies or industries from time to time. Results may differ from portfolios that do not apply similar ESG considerations to their investment process.

Sovereign ESG Scorecard

Analysing E, S and G KPIs with a focus on momentum

ESG Scorecard

Country

Direction of travel	Positive
Direction of travel - E	Positive
Direction of travel - S	Stable
Direction of travel - G	Positive

Dominant ESG factor	E
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Analyst comment

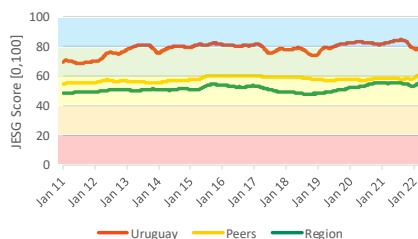
E-KPIs	Score	5Y Change	Rat. Peers	Peers 5y Ch
MSCI - E Mgt	7.6			
Climate Alignment BAU	4.5		4.2	
Climate Alignment NDC	4.0		2.8	
Effort (BAU-NDC)	-0.4			
% of energy cons. from Coal	-		18.8	-0.9
% of energy cons. from renewables	-		10.5	0.5
Renewables as share of electricity	98.3	3.3	30.1	2.9

E-related SDGs	Level	1Y Trend
SDG 6: Clean water & sanitation	orange	↑
SDG 7: Affordable & clean energy	green	↑
SDG 11: Sustainable cities	yellow	↑
SDG 12: Responsible consumption	red	
SDG 13: Climate Action	yellow	↗
SDG 14: Life below water	red	→
SDG 15: Life on land	red	→

COP26 Pledges	
End deforestation	Yes
Net zero target date	2050
Quit coal	No
Cut methane emissions	Yes

NDC Pledges	
Unconditional	
- 24% reduction in CO2 emissions intensity per GDP unit vs 1990	
Conditional	
- 29% reduction in CO2 emissions intensity per GDP unit vs 1990	

Uruguay JESG Score



S-KPIs	Score	Rating Peers
MSCI - S Mgt	6.60	
Education index	94	51.7
Health Index	74	54.6
Long term development - Overall Index	74	53.4
Poverty Index	76	61.5
Inequality Index	43	43.0
Citizens rights Index	84	37.1
Social Stability - Overall Index	68	47.1
Average Social Violations Core	7	3.8
Human Rights Violations	8	3.8
Labour Rights Violations	6	3.3
Corruption Outcomes	9	3.8
Gender Rights	7	4.3

G-KPIs	Score	1Y Change	Rat. Peers	Peers 1y Ch
MSCI - G Mgt	6.7			
Voice and Accountability	93.7	8.0	43.8	-1.2
Political Stability and Absen	87.7	2.5	48.6	-0.1
Government Effectiveness	75.0	3.4	63.8	-0.8
Regulatory Quality	72.6	5.3	64.6	1.0
Rule of Law	74.0	-1.0	57.0	0.1
Control of Corruption	89.4	0.0	54.6	0.2
Freedom House Score	Free			

S-related SDGs	Level	1Y Trend
SDG 1: No poverty	green	↑
SDG 2: Zero Hunger	orange	
SDG 3: Health & Well-being	orange	↗
SDG 4: Quality Education	yellow	↑
SDG 5: Gender Equality	yellow	↗
SDG 10: Reduced inequalities	red	

G-related SDGs	Level	1Y Trend
SDG 16: Peace justice & stro	red	↗
SDG 17: Partnership for the	yellow	↗

Overall scores	Score	Quintile	1Y Change	W/A Band
BSSI	6.5			
MSCI E_mgmt	7.6	1	0.0	1.0
MSCI S_mgmt	6.6	2	0.0	2.0
MSCI G_mgmt	6.7	2	0.0	1.0
JESG	77.8	2	-4.9	1.0

DNSH		Sustainable Investment
Social Violations Filter	PASS	Adv. S/G SDGs? YES
Governance Filter	PASS	OR
Coal (% of energy mix) Filter	PASS	Adv. SDG 13? NO
Overall ESG Score Filter	PASS	Defined as SI? YES
Passes DNSH?	YES	Eligible JESG Index? YES

Rating Peers -IG (BBB & above): UAE, CHINA, CHILE, CROATIA, HUNGARY, INDONESIA, KUWAIT, KAZAK, MEXICO, MALAYSIA, PANAMA, PERU, PHILIP, POLAND, QATAR, ROMANIA, RUSSIA, SAUDI, URUGUAY

Source: BlackRock. For illustrative purposes only and subject to change.

Definition of the ESG metrics: JESG score = JP Morgan ESG scores are 0-100 percentile rank calculated based on normalized raw ESG scores from third-party research providers Sustainalytics and RepRisk. An issuer's finalized JESG score incorporates a three-month rolling average. BSSI score = The BlackRock Sovereign Sustainability Index ranks 99 sovereign debt issuers based on performance on key sustainability metrics from the World Bank's ESG data portal for each ESG pillar and BlackRock's internal research tool for sovereign ESG research. SDGs = Sustainable Development Goals are a collection of 17 interlinked global goals designed to achieve a better and more sustainable future, set by the United Nations General Assembly and are intended to be achieved by 2030. DNSH = Do No Significant Harm principle.

ESG analysis

ESG analysis is an integral part of our research and idea generation process. Investment decisions combines macro-economic research, market intelligence, valuations, and ESG factors.



Traditional investment analysis

A rigorous investment process run by 30 EM investment professionals engaged in all asset classes.

Process follows three parallel steps

- The “Global Weather Station” engine determines the top-down view within which EM is operating.
- The “Local Weather Station” engine determines the country-level (bottoms up) view.
- The two stations together determine the applicable “investment regime” at any point in time.



ESG integration

Our starting point is that ESG risk is an investment risk and it is material to performance of EMD.

ESG is incorporated in the country/credit issuer research

- Since no one ESG analytic source is perfect, we use a myriad of available data (e.g. BLK’s proprietary BSSI framework, MSCI, Sustainalytics, direct channels).
- We add value by deeply integrating ESG analysis into our fundamental research. We avoid relying on raw ESG scores. Instead, we focus on materiality of specific KPIs.
- Our metrics account for the “wealth biases” that penalize countries due to income levels.
- We focus on evolution and inflection points rather than solely on the current state of an issuer’s ESG status. We incorporate qualitative analysis and intimate idiosyncratic knowledge of the issuer to interpret short term events, news flows and context.
- We summarize all this information in a detailed issuer-level ESG “landing page” that allows for standardized comparisons across issuers.
- Depending on the ESG client objectives, several degrees of exclusions can be incorporated in the portfolio construction



Putting it together

Investment decisions results from the combination of:

- Traditional fundamental analysis
- ESG analysis
- Cheapness/value proposition
- Technical and positioning analysis

Risk Management

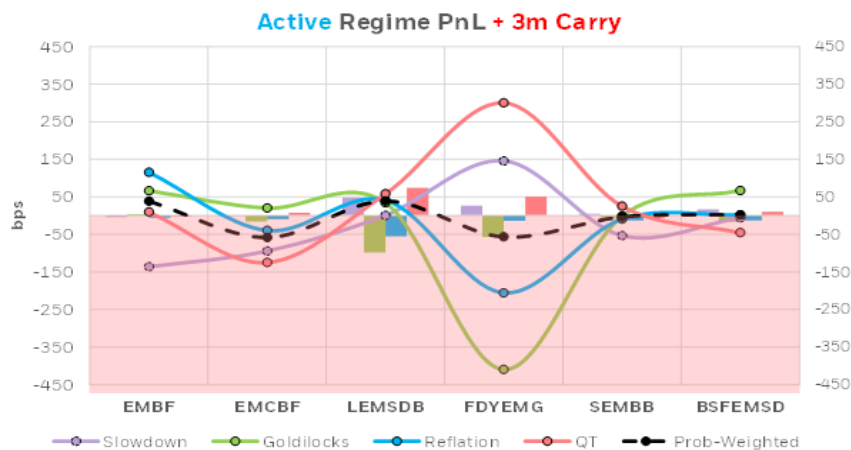
Working with RQA

- Risk & Quantitative Analysis Group (RQA) partners with emerging markets bond team to analyse and manage portfolio risk

Risk Management at BLK	Mission	EMD team partnership	Output / metrics
<ul style="list-style-type: none"> Risk management is a core part of BlackRock's culture The firm's 1988 founding was profoundly impacted by the Crash of 1987 Since inception, BlackRock has sought to protect the firm and clients from similar experiences 	<ul style="list-style-type: none"> Partner with investment businesses to help PMs build risk-aware portfolios, ensuring that all exposures in the portfolio are Scaled, Deliberate and Diversified Provide independent oversight of BlackRock's fiduciary and enterprise risks 	<ul style="list-style-type: none"> Three risk managers dedicated to the EMD team, but fully independent Tailor risk management approach to suit the EMD team investment process Daily RQA email and twice a week meeting RQA attends investment meetings 	<ul style="list-style-type: none"> Risk contribution (TE / VAR) Stress testing (regimes and events) Tail risk analysis HROR, beta and sensitivities Correlation analysis Diversification / concentration Consistency analysis Attribution analysis ESG Sizing framework

Analytical Risk [bps]				
Sum of Risk Contribution	EMBIGLDIV BENCHMARK	EMBF ACTIVE EMBIGLDIV	JPM_CEMBI BENCHMARK	EMCBF-AGG ACTIVE JPM_CEMBI
FX - Asia		0		
FX - EMEA		14		
FX - \$		33		
FX - DM		6		1
EM Rates - LY		0		
EM Rates - MY		(0)		
EM Rates - HY				
DM Rates	344	18	235	18
EM Sov - LY	127	(37)	13	1
EM Sov - MY	254	66	33	1
EM Sov - HY	419	231	10	(4)
EM Corp	2	10	239	136
Other	1	26	10	35
Full Reval Adjustment	0	0	0	0
Grand Total	1,147	368	539	188
1 Month Realised Risk*		264		212

Event Stress No Carry [bps]				
Lehman 2008**	(1,611)	(214)	(1,450)	(409)
China Devaluation 2015**	(258)	(72)	(148)	(38)
Risk-Off (S&P down 10%)	(317)	(47)	(134)	(46)
Coronavirus Global Contagi	(75)	(50)	(21)	(17)
Oil Supply Shock Up	(26)	10	(23)	4
Oil Supply Shock Down	(16)	(29)	33	(12)
Risk-On (MSCI World up 10	394	68	158	52
Inflation Disappointment E	422	78	187	44
Reflation EM	(26)	69	(41)	(4)
Inflation Overshoot EM	(295)	(30)	(143)	(35)
Dollar Rally 2018**	(500)	(81)	(307)	(102)
Persistent Inflation	(283)	14	(153)	(24)
Technical Duration Shock	(568)	34	(274)	(56)
Fed Taper 2013**	(937)	3	(606)	(148)
US Exceptionalism 1Q21**	(421)	34	(145)	(80)
Goldilocks Trend				



Risk management cannot fully eliminate the risk of investment loss.

Source: BlackRock. As of 30 September 2022. For illustrative purposes only. Not meant to depict actual data.

Engines of the investment process

Specialised Pod Meetings

Weekly workstreams in which data and models are analysed to understand valuations and price action for EMD segments and issuers

Hard Currency

Corporate

Local Currency

Cross Asset

Trade Ideas

Country Focus

Analysis of developments and trends affecting EM macro

Country deep dives using the Local Weather Station analysis

- Seeking to identify medium term direction of sovereign fundamentals and risks
- Creation of country macro scores

Weekly Investment Committee

Key decision making meeting

- Discussions of the regimes and five global factor analysis
- Conclusions on valuations and price action from the specialised pod meetings
- Post meeting, detailed summary write-up articulating views and portfolio implications

Risk Meetings

In-depth analysis on key risk parameters including

- Fund risk metrics
- Market regime analysis
- Scenario analysis
- Market correlation
- ESG risks
- Risk blocks

Connectivity with the global fixed income platform led by Rick Rieder

Key global forums to help identify the evolution of macroeconomic trends, monetary policy and government policy

Market Insights and Global Forums

Daily calls discussing trading, market technicals and views on flows

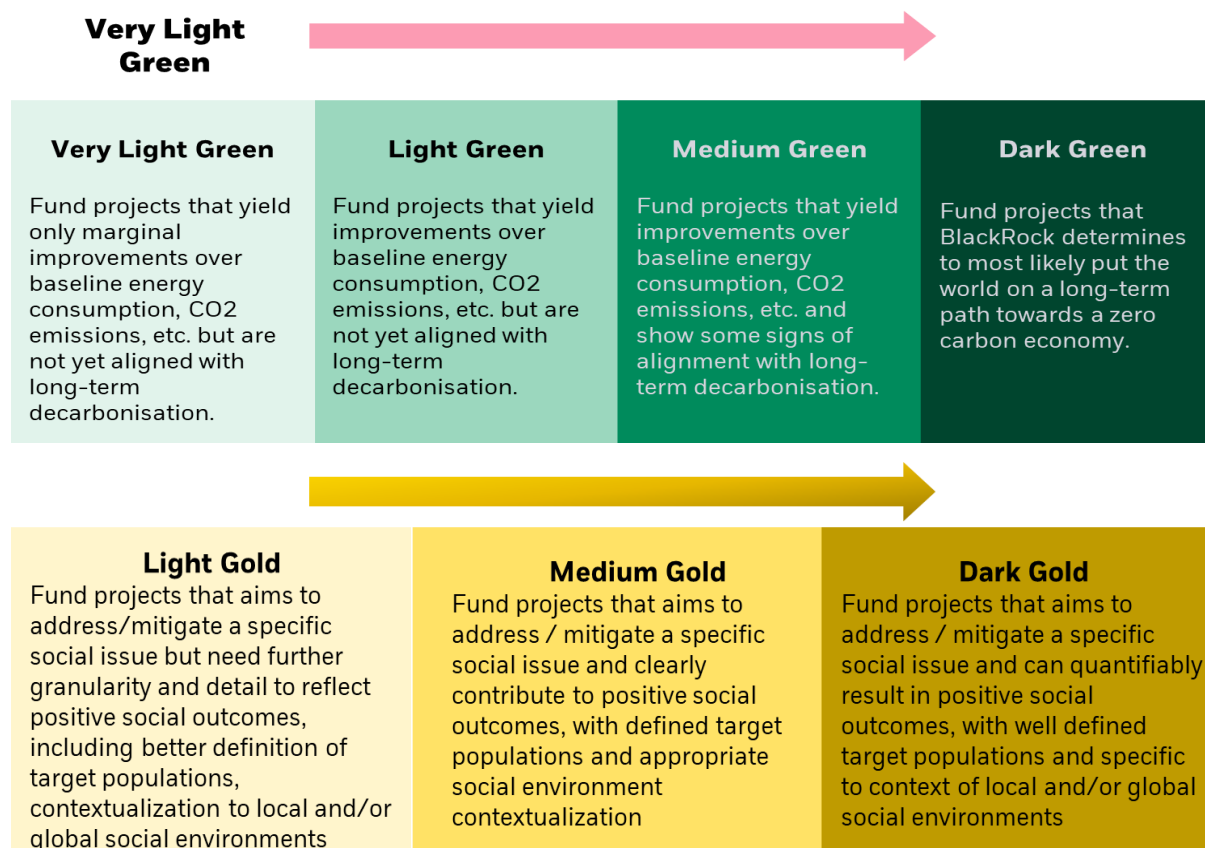
Source: BlackRock, as of 30 September 2022. Subject to change.

Green, Social and Sustainability (GSS) Bonds Integration

In-house labelling of green and social bonds

Filtering and Labelling

- We have developed a proprietary green bond taxonomy to label the green bond universe. We also actively engage with the market and issuers to push for best practices
- For social bonds, the issuer needs to follow the Social Bond Principles (“SBP”), voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Social Bond market.



Source: BlackRock, as of 30 September 2022. For illustrative purposes only.

Green Bond Example

Republic of Chile

Green Sectors	Eligible Green Expenditures	Environmental Benefits	Contributions
Living natural resources, land use and marine protected areas	<p>Promote proper care in land use, biodiversity preservation and protected marine areas</p> <p>The eligible green expenditures include:</p> <ul style="list-style-type: none"> Forestry <ul style="list-style-type: none"> Programs for conservation and restoration of native and exotic forests Management and maintenance of National Parks and conservation areas Protection and oversight for protected marine areas (including research) 	<p>Climate change mitigation</p> <p>Conservation and sustainable use of terrestrial ecosystems</p> <p>Conservation of biodiversity and protection for terrestrial ecosystems</p>	   

Renewable Energy	<p>Promote the development of renewable energy technologies</p> <p>The eligible green expenditures include:</p> <ul style="list-style-type: none"> Investments in projects for non-fossil fuel renewable energy sources, such as <ul style="list-style-type: none"> Wind energy² (onshore) Solar energy² (onshore) Small run-of-river hydro plants (under 25MW) Investments in solar/wind power projects (onshore) that include energy generation and storage (batteries) Training programs to increase technical knowledge in vocational education centers for renewable energy installations 	<p>Climate change mitigation</p> <p>Long-term provision of low-carbon infrastructure</p> <p>Greenhouse gases reduction</p>	  
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For illustrative purposes only

Issuer	Republic of Chile
Green/Social Bond Framework	Sustainable finance framework and current eligible projects can be found on the Ministry of Tax Authorities website: Chile's Sustainable Bond Framework (Nov 2020)
Second Party Opinion	Vigeo Eiris - Chile's Sustainable Bond Framework (Nov 2020)
Use of Proceeds	<p>The Green Bond segment establishes six categories of eligible expenditures:</p> <ul style="list-style-type: none"> Clean Transportation - construction and renovation of electric metro lines, electric buses, charging stations Energy Efficiency - energy efficiency improvements for public buildings that results in energy efficiency gain of 20%+, e.g. retrofitting, thermal insulation, AC system upgrades Renewable Energy - onshore wind and solar, small hydro <25MW Conservation of Biodiversity and Marine Resources - forest conservation and restoration programs, maintenance of national parks Water Management - installation or upgrade of water efficient irrigation systems, construction or upgrade of sustainable infrastructure for drinking water, protection of water catchment areas, reservoir construction Green Buildings - construction of sustainable public buildings and retrofits with min 30% carbon emissions reduction, buildings certified under "Sustainable Buildings Certification", a Chilean scoring system that evaluates environmental performance of public buildings in Chile (out of 100, to be certified, min must score 30 As of April 2019, the breakdown of potential green expenditures at USD\$4.4B (breakout: clean transport 92.2%, green buildings 7.2%, water management 0.4% and renewable energy 0.1%). Example eligible project is the construction of the Santiago Metro Line 3. As most of their eligible expenses right now are in clean transport, we consider this dark green by our methodology.
Green/Social Bond + Shading	YES – GREEN DARK GREEN

Sustainability Bond Example

Republic of Peru

Table 3: Eligible Social Categories













Eligible Categories	Eligibility Criteria	Social Benefits	Contribution to SDGs
Support for vulnerable groups and people in vulnerable situations ²⁸	Financing of programs and projects to improve financial and social inclusion and access to essential services in alignment with public policies for poverty reduction.	Programs aimed at ensuring the well-being of girls, boys, young people, the elderly, and women, to ensure adequate care that is closely related to three factors: the achievement of economic security, access to health services, and housing and quality education. Therefore, these programs require intersectoral and intergovernmental efforts that reflect the timely articulation of effective interventions.	   
Access to affordable housing, education and essential health services ²⁹	<ul style="list-style-type: none"> Financing of programs and projects aimed at improving and/or increasing access to education, housing and health services for vulnerable groups. Financing for the acquisition, repair, expansion, improvement of social housing (via schemes such as capped rent/rent control and other affordable home schemes to support home ownership). Financing of programs aimed at improving the quality and access to basic, middle and higher education for vulnerable boys, girls and young people. Financing for the development of health programs for preventive and curative purposes associated with vulnerable groups. 	<ul style="list-style-type: none"> Increase the quality of and access to education, health and housing services to vulnerable groups. Promote equitable access to essential services without discrimination on the basis of gender, ethnicity, religion, socioeconomic class or others. 	    

Table 4: Eligible Green Categories

Eligible Category	Eligible Expenditure	Environmental Benefits	Contribution to SDG	Alignment with Peru's NDC mitigation and adaptation measures
Green Buildings	<p>The financing and refinancing of expenditures related to:</p> <ol style="list-style-type: none"> Construction and modernization of public buildings, with a 30% minimum reduction in carbon emissions Design, construction and maintenance of public buildings certified under the "LEED"³⁰, "EDGE", or "CERTIFICACIÓN LIVING BUILDING CHALLENGE" certifications Costs associated with the modernization of existing public buildings to comply with one of the certifications recognized by this Framework, or to improve the current certification level within three years 	<ul style="list-style-type: none"> Climate change mitigation Energy savings Water savings GHG reduction 	  	ECE-19 Promotion of sustainable construction practices in new buildings

For illustrative purposes only

Issuer	Republic of Peru
Green/Social Bond Framework	Peru's Sustainable Bond Framework - Ministry of Economy and Finance. (Jul 2021)
Second Party Opinion	Sustainalytics - Peru Sustainable Bond Framework (Jul 2021)
Use of Proceeds	<ul style="list-style-type: none"> Allocations are 90/10 split for social and green proceeds. Across the social categories, social benefits are outlined. From its website, process to target population is well structured. We would rate this overall as dark gold. In terms of green categories, the 2021 budget has identified the following categories of focus: (1) resilient and efficient water and wastewater management, (2) sustainable agriculture, and (3) sustainable management of natural resources, land use and marine protected areas. For wastewater management, projects include water treatment, flood risk mitigation, and water conservation (light to medium green). For sustainable management of natural resources, wood production and forest management is in line with FSC standards (medium green). For sustainable agriculture, projects include drip irrigation, irrigation systems with improved water efficiency, and use of organic/sustainable fertilizers in agricultural practices (medium to dark green). Would be helpful to mention target efficiency improvements in irrigation systems and whether this does not add any emissions. Overall, would rate green projects as medium green.
Green/Social Bond + Shading	YES – SUSTAINABILITY MEDIUM GREEN/DARK GOLD

BGF Sustainable Emerging Markets Bond Fund

BGF Sustainable Emerging Markets Bond Fund (Hard Currency)

Portfolio Management Team

Sustainable EM Hard Currency Portfolio Managers



Michel Aubenas
21 years experience
Hard Currency



Kirill Veretinskii
9 years experience
Hard Currency

	BGF Sustainable Emerging Markets Bond Fund
Benchmark	JESG EMBI Global Diversified
Liquidity	Daily
Aggregate duration limits	None
Rating limits	None
Typical cash level	5-15%
Main FI instruments	Cash bonds, DM futures, CDS, CDX, IRS
Main FX instruments	FX forwards and options
Geographic main focus	Global EM Hard Currency

Fund Features

- Uses the JESG benchmark as a starting point, which provides filters to the universe including ethical screens and addition of green bonds
- **ESG integration across all positions** with a focus on materiality
- Considers emissions intensity, sustainability and temperature alignment at the portfolio level
- **Active beta management** derived from the EM team's investment process
- **Duration:** typical max deviation +/-2Y from the benchmark at the portfolio level
- **Country:** the active weighting by country does not typically exceed +/- 10% from the benchmark
- Can invest up to 30% in off-benchmark exposure, including **corporate** and **local sovereign debt**

There is no guarantee that a positive investment outcome will be achieved. Risk management cannot fully eliminate the risk of investment loss.

Source: BlackRock, as of 30 September 2022. Fund features, including investment themes are determined in accordance with fund's stated investment objective and policies. Process subject to change based on market conditions, portfolio manager's opinion and other factors.

BGF Sustainable Emerging Markets Bond Fund (Hard Currency)

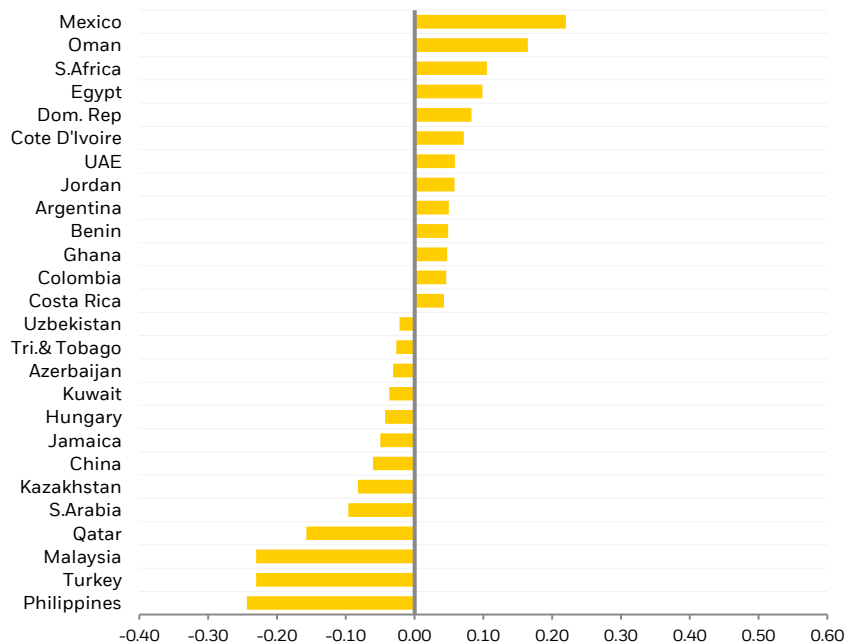
Positioning Information

- Benchmark: JESG EMBI Global Diversified

As of 30 September 2022

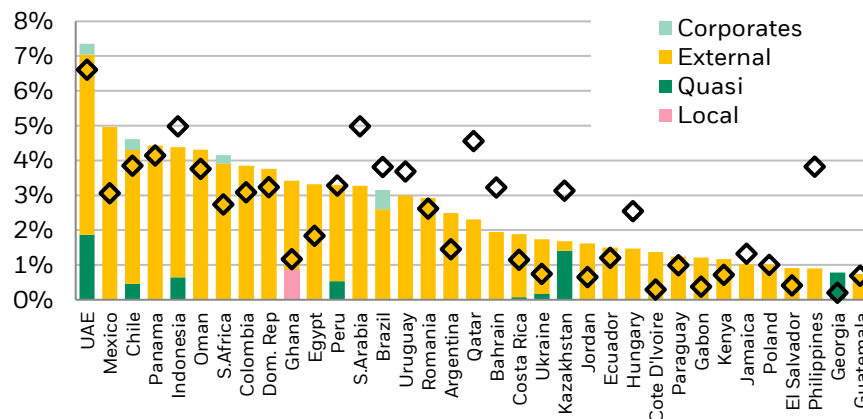
	Fund	Benchmark	Active
Yield (%)	8.93%	7.86%	1.08%
Spread (bps)	479	369	111
Total Mod Dur (yrs)	5.28	6.93	-1.65
Spread duration (yrs)	7.11	7.21	-0.10
Avg life (yrs)	12.62	12.14	0.48

Active Country Spread Duration Contribution (years)

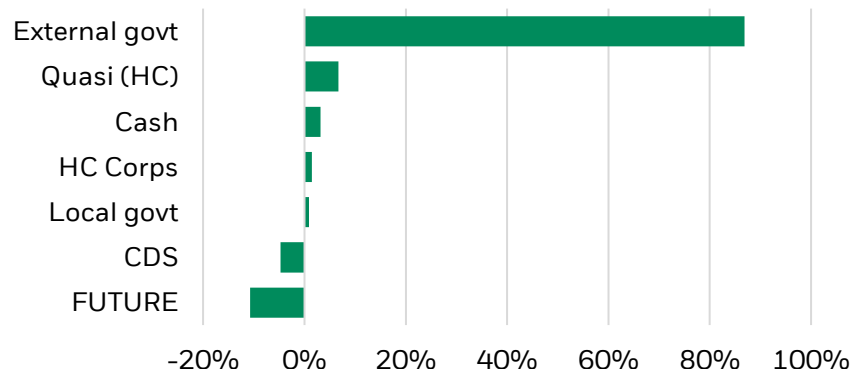


Source (all charts): BlackRock. The Fund is actively managed and its composition will vary. Fund characteristics are as of the date noted and subject to change.

Country Allocations (market value %)



Asset Class Exposures (notional exposure %)



Source (all charts): BlackRock. Geographic exposure relates principally to the domicile of the issuers of the securities held in the product, added together and then expressed as a percentage of the product's total holdings. However, in some instances it can reflect the country where the issuer of the securities carries out much of their business. Allocations are subject to change.

BGF Sustainable Emerging Markets Bond Fund (Hard Currency)

Investment Themes Expressed in the Portfolio

		Overweight	Underweight
Themes	BB long (long risk parity)	Oman, Colombia Cote d'Ivoire, Dominican Republic	
	Single-B selection	Ghana, Egypt, Costa Rica	Turkey, Bahrain
	Distressed	Ukraine, Argentina	
	Duration funders		UAE, Qatar, Philippines, Malaysia, Mexico
	GSS bonds	Chile, Peru, Mexico Benin, Egypt, Serbia Grail, MAF, Klabin	
	Frontier Local Markets	GHS	
	Relative Value EMFX	ZAR, JPY, BRL	TRY, MXN, HUF
	Quantitative Tightening		UST

Source: BlackRock, 01 October 2022. Note: Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy, and should not be construed as investment advice or investment recommendation of those companies.

BGF Sustainable Emerging Markets Bond Fund (Hard Currency)

ESG Positioning Information

As of 30 September 2022

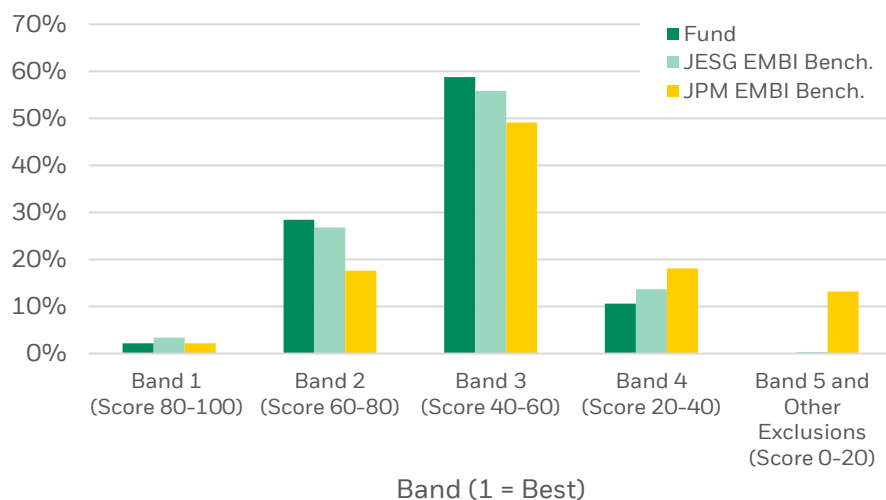
- Benchmark: JESG EMBI Global Diversified

	Fund	JESG EMBI Bench	Active	JPM EMBI Index	Active
JESG Av. Score	54.48	53.63	1.57%	45.99	18.46%
Emission Intensity*	613	637	-3.86%	1545	-60.34%
GSS Bonds**	11.7%	3.4%	242.0%	2.6%	358.43%

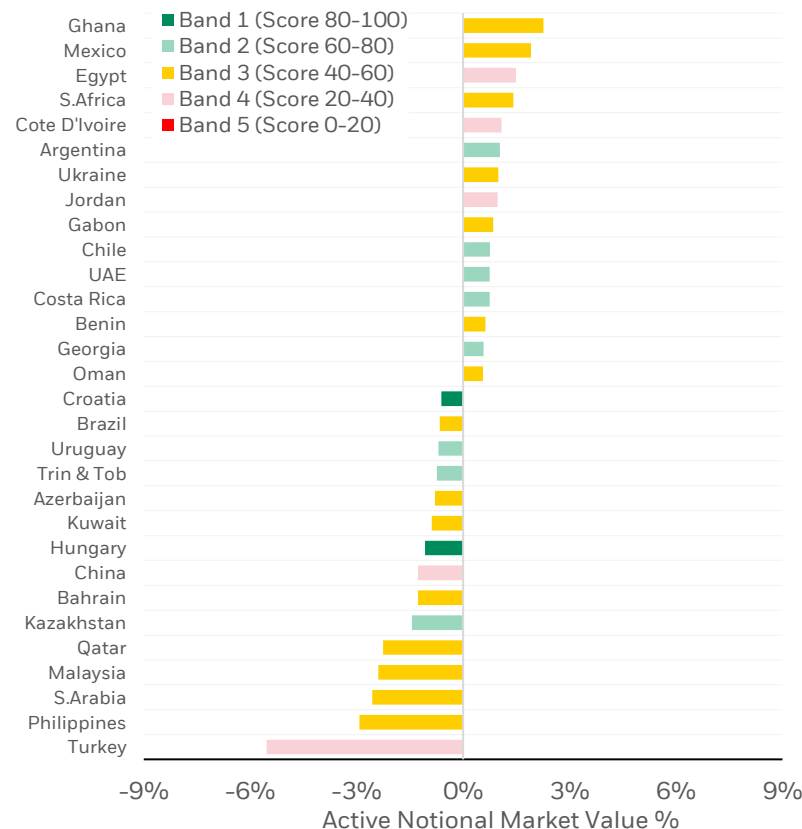
Reported is scope 1&2 greenhouse gas emissions per million USD sales.

** GSS bonds refer to green, social and sustainable bonds exposure.

Exposure by Band (Market Value %)



Active Country Exposure by ESG Band



Geographic exposure relates principally to the domicile of the issuers of the securities held in the product, added together and then expressed as a percentage of the product's total holdings. However, in some instances it can reflect the country where the issuer of the securities carries out much of their business. The overall band reflects the band of the underlying issuer in the country within the JESG benchmark (sovereigns/ quasi-sovereigns and corporates where applicable).

Source (all charts): BlackRock, JP Morgan. JESG Bands and scoring are provided by JP Morgan, whereby Band 1 is considered the most ESG compliant.

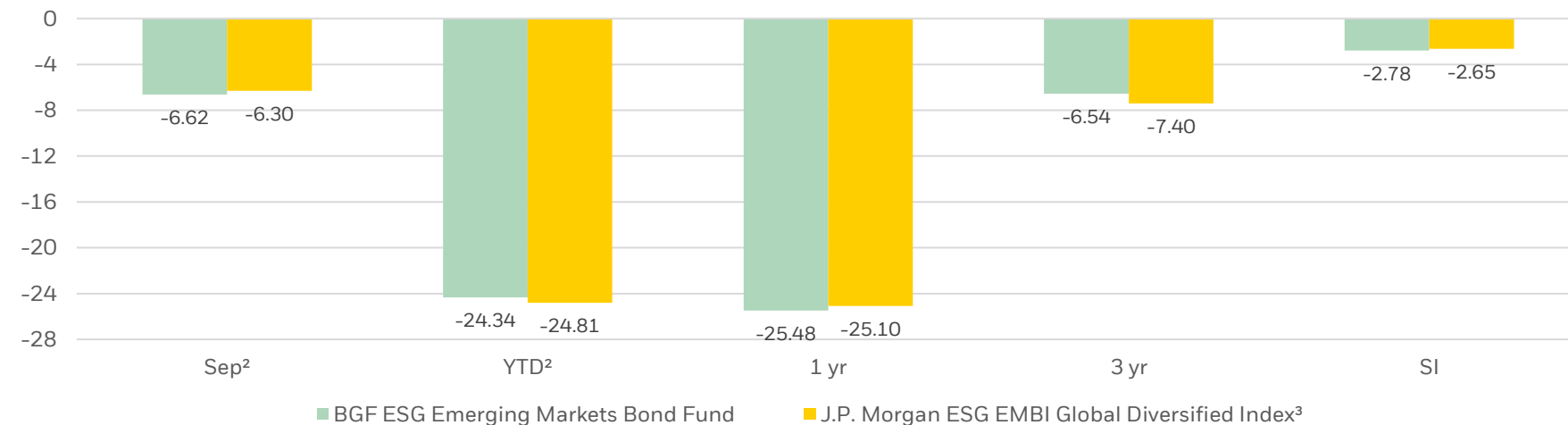
BGF Sustainable Emerging Markets Bond Fund (Hard Currency)

Performance net of 1.25% annual management fee

As of 30 September 2022

Net total return in USD (%)¹

	YTD	2021	2020	2019	2018 SI
Fund return	-24.34	-3.21	8.49	14.89	-2.60
Benchmark return	-24.81	-2.35	5.78	15.94	-0.69



	1 year	3 year	Since inception ³
Active Return	-0.39	0.86	-0.14

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Source: BlackRock.

¹ Data represents the performance of the BGF Sustainable Emerging Markets Bond Fund – A2 share class (Dealing Net), shown in USD on a NAV price basis, with income reinvested, net of expenses. The return of your investment may increase or decrease as a result of currency fluctuations.

² Unannualized.

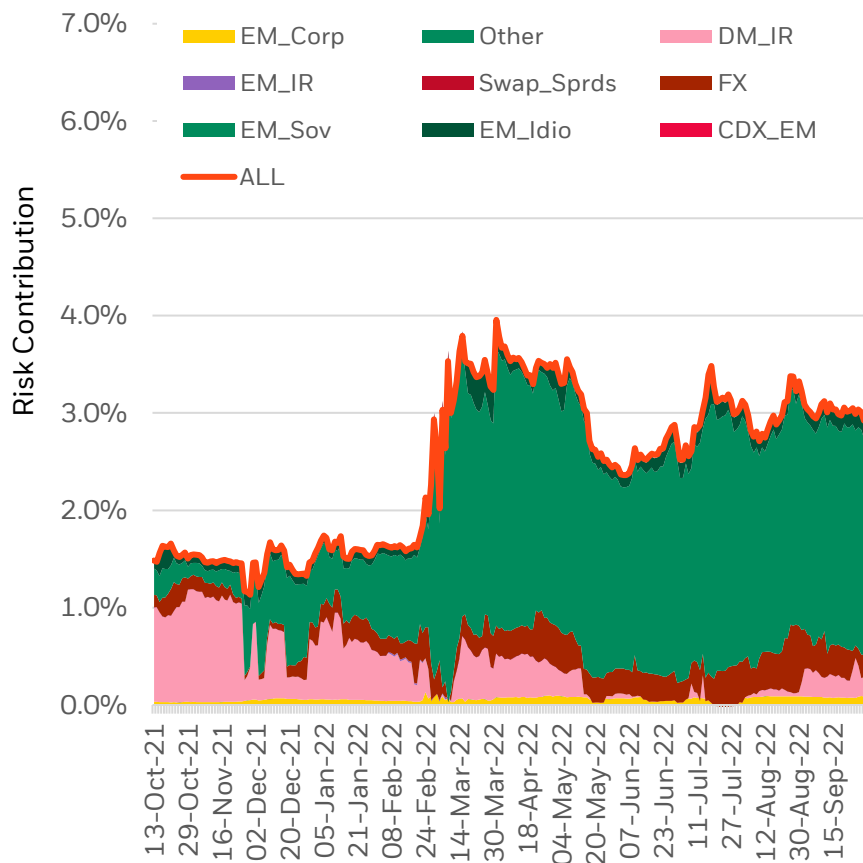
³ Inception of the share class: 01 August 2018. Please note the benchmark is J.P. Morgan ESG-Emerging Markets Bond Index Global Diversified. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

BGF Sustainable Emerging Markets Bond Fund (Hard Currency)

Historical risk allocation

As of 30 September 2022

Active Risk Contribution by Risk Factor



Fund Beta



Source: BlackRock, As of 30 September 2022 (both charts).

Active risk (left) and fund beta (right) are calculated relative to the benchmark. Please note that the benchmark of the fund is JP Morgan ESG EMBI Global Diversified Index.

Risks

This document is marketing material: Before investing please read the Prospectus and the KIID available on www.blackrock.com/it, which contain a summary of investors' rights.

Risk Warnings

Capital at risk: The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

Changes to interest rates, credit risk and/or issuer defaults will have a significant impact on the performance of fixed income securities. Noninvestment grade fixed income securities can be more sensitive to changes in these risks than higher rated fixed income securities. Potential or actual credit rating downgrades may increase the level of risk.

Emerging markets are generally more sensitive to economic and political conditions than developed markets. Other factors include greater 'Liquidity Risk', restrictions on investment or transfer of assets, failed/delayed delivery of securities or payments to the Fund and sustainability-related risks.

Currency Risk: The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of the investment.

Derivatives may be highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains, resulting in greater fluctuations in the value of the Fund. The impact to the Fund can be greater where derivatives are used in an extensive or complex way

For BGF Sustainable Emerging Markets Bond Fund:

Counterparty Risk. The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

Credit Risk: The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

Liquidity Risk: Lower liquidity means there are insufficient buyers or sellers to allow the Fund to sell or buy investments readily

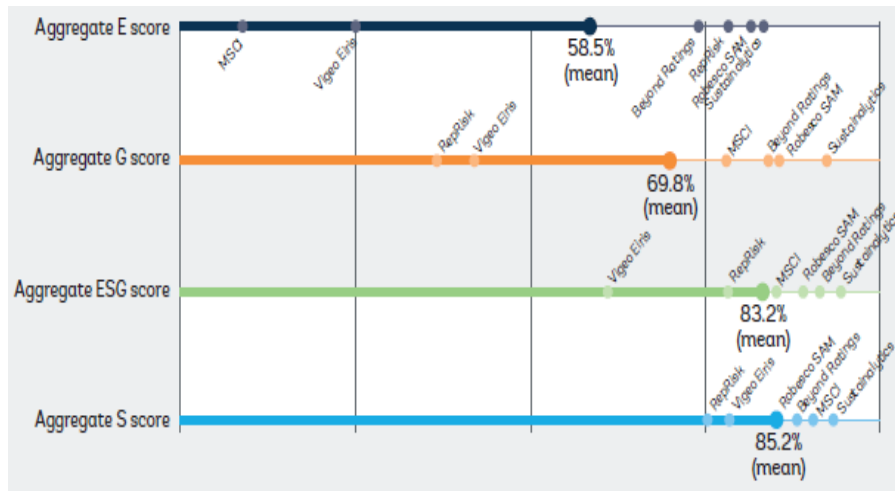
Appendix

The wealth inequality challenge of ESG scores

World Bank report “Equitable Growth, Finance & Institution Insights”¹

- “Sovereign ESG scores are strongly correlated with a country’s level of income, which may result in capital allocations toward richer countries at the expense of poorer ones, perpetuating an ingrained income bias cycle.” (World Bank, 2021)¹
- “There is lack of agreement on how to measure sovereign environmental performance.” (World Bank, 2021)¹

The E,S,G and combined ESG scores are correlated with GNI per capita to varying degrees, depending on the ESG provider. The S scores are most correlated with little variation across providers, while the E scores are the least correlated with large discrepancies between providers.

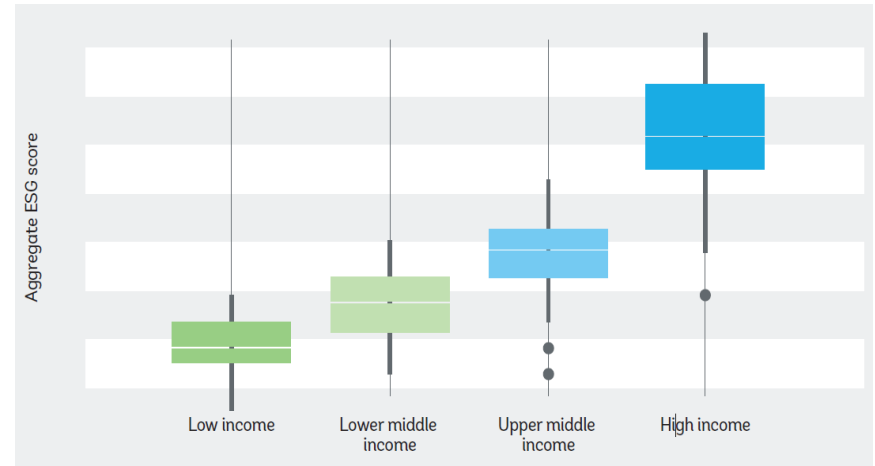


Source: World Bank staff Illustration.

¹ World Bank Publication 2021. Equitable Growth, Finance & Institution Insights. “A New Dawn – Rethinking Sovereign ESG”.

Sovereign ESG may worsen SDG funding gaps

Investment according to ESG scores may worsen SDG funding gaps by incentivising capital flow towards wealthy countries.



Source: World Bank staff Illustration. World Bank Publication 2021. Equitable Growth, Finance & Institution Insights. “A New Dawn – Rethinking Sovereign ESG”.

ESG scores for selected countries

A traditional approach to ESG using ESG scores for active weights has **two limitations in terms of materiality**:

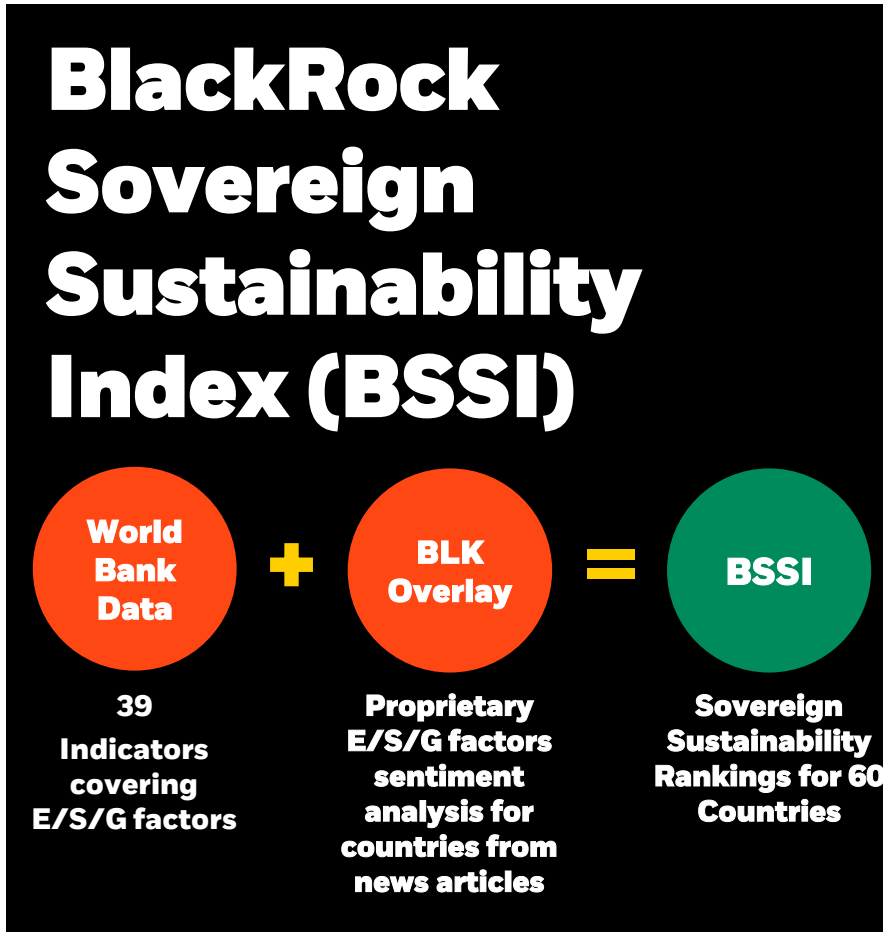
1. Significant wealth bias, with a high correlation between ESG score and the countries' wealth
2. Aggregated scores fail to reveal nuances that may be the pressure points for countries in months to come
3. ESG data updates infrequently, sometimes only once a year

We favour an approach that assesses countries vs. rating/income peers, that looks for ESG improves within peer groups and that adds well informed qualitative information.

Rating	COUNTRY	JESG			BSSI		SUSTAIN		MSCI	
		Level	3m chg	1m chg	Level	3m chg	Level	3m chg	Level	1yr chg
AA and above	Czech Republic	87.2	1.1	0.2	64.6	-0.9	72.4	-0.1	69.5	1.8
	Poland	78.1	2.1	1.4	62.5	-1.2	68.1	0.3	61.6	0.2
	Chile	74.9	-0.2	0.4	64.9	-0.4	64.3	-0.6	61.2	-5.8
	Malaysia	66.5	0.4	-0.3	63.7	1.2	53.5	-0.1	64.2	2.2
	China	36.7	2.2	0.7	56.3	-0.1	38.2	0.1	51.2	1.1
BBB	Uruguay	82.2	-0.8	-0.2	64.7	-1.7	66.7	0.1	64.7	0.8
	Hungary	73.6	2.4	2.1	62.3	-0.2	65.2	0.1	57.7	0.0
	Romania	70.1	1.2	1.3	59.9	0.5	61.2	0.2	56.3	-0.5
	Mexico	53.5	2.7	0.9	57.1	0.8	56.5	-0.1	48.9	-0.5
	Peru	53.0	1.8	0.7	57.1	0.2	52.9	0.2	58.1	0.0
	Indonesia	50.3	1.6	1.5	54.5	-0.6	48.9	-0.2	52.9	-0.2
	Philippines	48.1	-1.6	-0.7	52.2	-1.3	45.0	-0.4	51.2	0.2
	Colombia	45.2	-0.4	-0.1	57.2	-0.2	50.2	-0.1	53.4	0.3
	Russian Federation	38.0	3.0	1.1	53.8	-0.6	44.5	0.0	53.8	-0.5
BB and below	South Africa	55.2	0.5	0.1	51.4	-0.8	48.8	0.1	52.9	-0.1
	Brazil	48.4	3.0	1.6	57.9	-0.6	53.2	0.1	53.5	-0.9
	Dominican Republic	42.1	-2.5	-1.4	54.0	0.1	51.1	-0.2	44.8	0.2
	Turkey	34.6	2.6	1.1	51.1	-0.3	43.9	-0.1	41.1	-0.2

Source: MSCI, JP Morgan, Sustainalytics, BlackRock, as of 31 December 2020. Numbers show the ESG scores from various ESG providers, including JP Morgan (JESG), BSSI (BlackRock Sustainable Sovereign Indicator), Sustainalytics, and MSCI. For illustrative purposes only.

Proprietary ESG scores - BSSI



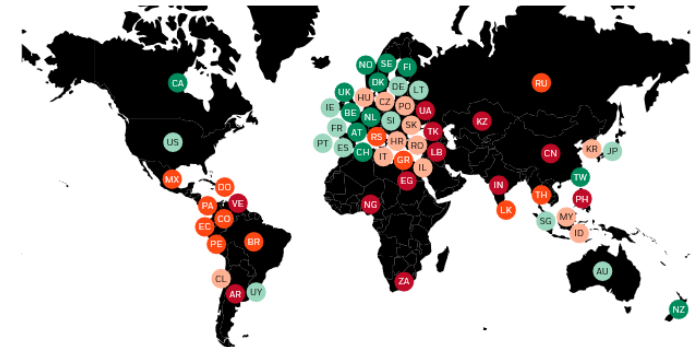
We take into account three main questions that can influence a country's long-term standing from an ESG perspective:

1. How is the issuer treating the environment and how exposed is it to climate risk?
2. How is the issuer investing in its citizens?
3. How effectively is the issuer governing its people?

Select metric:

Highlight by:

BSSI overall score and ranking

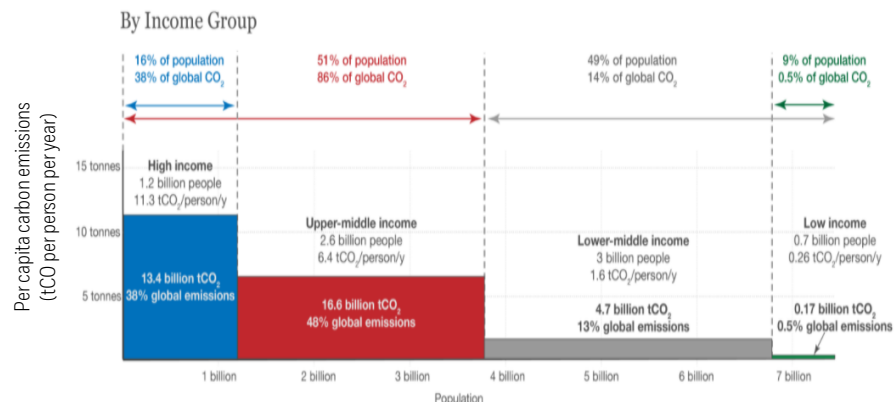


Source: BlackRock, 30 September 2022 with data from Bloomberg and World Bank. For illustrative purposes only.

Richer countries consume more energy in absolute and per capita, but less per unit of GDP (intensity)

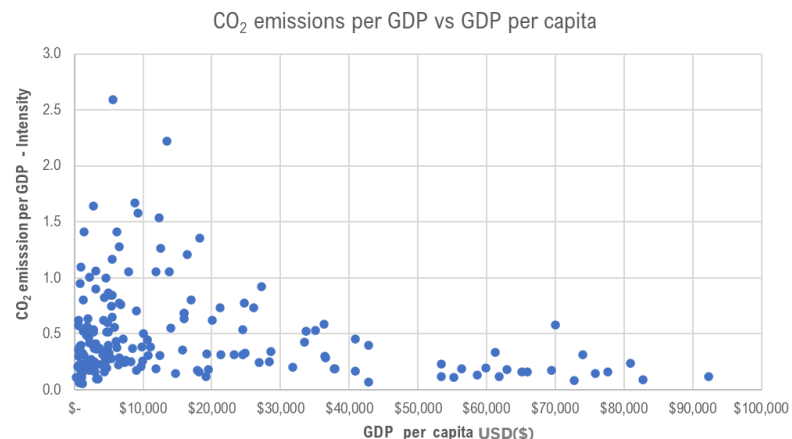
- As countries get richer, their overall energy consumption increase, as there is a change towards the consumption of goods in a scale that require higher energy
- Think a combustion car vs a bicycle
- At the same time, poorer countries spend most of its energy consumption both inefficiently and in low value added products
- Think small production
- As a result richer countries consume more energy per person, but spend less energy to produce relatively more valuable products
- Higher carbon footprint, absolute and per capita, but lower in terms of GDP
- There is a fairness problem to be resolved, in particular if we consider that a good share of poorer countries energy intensity is to satisfy the consumption needs of wealthier nations
- Think mining or assembly lines

Richer people, more emissions per capita



Source: Our World in Data based on data from the Global Carbon Project, UN Population Division (2018) & World Bank income groups. This is a visualization from OurWorldInData.org, where you find data and research on how the world is changing.

Poorer countries, more emissions over GDP



Range of EMD strategies

Invests in	Fixed income securities issued by governments in their own currency	Fixed income investment dollar securities issued by governments in international markets	Fixed income dollar securities issued by companies and agencies	A broader universe, including EMD local, hard currency and corporate bond strategies	Fixed income dollar securities issued by governments, companies, agencies with a maturity of less than five years
Traditional Range of Strategies	BlackRock Emerging Markets Local Currency Debt Strategy	BlackRock Emerging Markets Hard Currency Sovereign Debt Strategy	BlackRock Emerging Markets Corporate Debt Strategy	BlackRock Emerging Markets Flexi Dynamic Bond Strategy	BlackRock Emerging Markets Short Duration Bond Strategy
Inception	September 2012	August 2012	February 2013	June 2013	December 2017
Benchmark	JPM GBI-EM GD	JPM EMBI GD	JPM CEMBI BD	Total return	JPM EMBI GD 1-3Y
Risk target (Tracking error unless stated otherwise)¹	400bps	350bps	400bps	6 -10 % max volatility	200-500 bps abs VaR
Sustainable Range of Strategies	BlackRock Sustainable Emerging Markets Local Currency Debt Strategy	BlackRock Sustainable Emerging Markets Hard Currency Sovereign Debt Strategy	BlackRock Sustainable Emerging Markets Corporate Debt Strategy	BlackRock Sustainable Emerging Markets Blended Debt Strategy	
Inception	July 2018	July 2018	July 2018	July 2018	
Benchmark	JESG GBI-EM GD	JESG EMBI GD	JESG CEMBI BD	JESG Blended EMBI	
Risk target (Tracking error unless stated otherwise)¹	400bps	350bps	400bps	450bps	

Risk and return targets can be changed at the discretion of the investment manager, and there is no guarantee the target will be met.

¹Per annum, gross of fees.

Investment Universe definition

ESG Benchmark

Benchmark Construction

- By using an ESG benchmark, we restrict investments on controversial activities, and reduce tail risk by avoiding only the worst ESG inflectors
- The benchmark is used as a starting point, and the remaining universe remains large and diversified, allowing the team to conduct security selection effectively and as broadly as possible

1

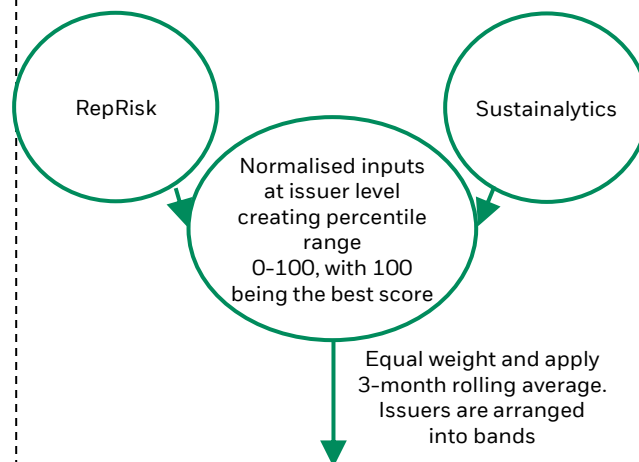
Ethical Screens

Zero tolerance of corporate and quasi-sovereign issuers with any involvements in:

- Thermal Coal
- Tobacco production
- Weapons
- Violating the UN Global Compact principles

2

Establish JESG Scores



Band	JESG Score	Proportion of original baseline index market value retained in JESG indices
1	Greater than 80	100%
2	Between 60 and 80	80%
3	Between 40 and 60	60%
4	Between 20 and 40	40%
5	Less than 20	Excluded

3

Inclusion of Green Bonds

Allocating higher weight to bonds categorised as 'green' by the CBI (Climate Bond Initiative)

- These bonds ranked one band above that of their EMD issuer of reference

Sources: BlackRock, J.P. Morgan. Data as of 30 September 2022.

EMD ESG Index

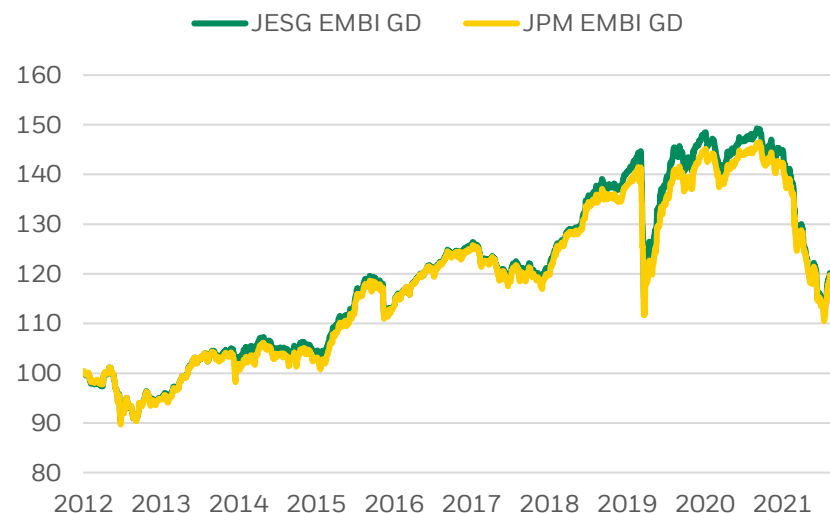
JESG EMBI GD Index (hard currency)

As of 30 September 2022

	JPM EMBI GD	JESG EMBI GD	Active
JESG Index Score	46	54	16.62%
JESG Index Band	3	3	
Index Yield (%)	8.35	7.86	-49bps
Spread Duration (years)	6.81	7.21	0.4y
OAS Spread (bp)	415	361	-45bps
# of issuers	160	124	
		Top 5 excluded issuers: 1. PEMEX 2. NGERIA 3. ANGOL 4. SINOPE 5. CHGRID	
# of Green bonds	13	13	

Sources: BlackRock, Bloomberg, JP. Morgan. There are nine country exclusions: Nigeria, Angola, Iraq, Lebanon, Honduras, Mozambique, Ethiopia, Maldives, Papua New Guinea

	YTD	2021	2020	2019	2018	2017	2016
JPM EMBI GD	-23.95	-1.80	5.26	15.04	-4.26	10.26	10.15
JESG EMBI GD	-24.81	-2.35	5.78	15.94	-3.80	10.74	8.81



	JPM EMBI GD	JESG EMBI GD
5 yr Annualised Return	-2.62%	-2.54%
5 yr Annualised Vol	10.57%	10.28%

Source: BlackRock, J.P. Morgan. Data shown from 31 December 2012.

The figures shown relate to simulated past performance. Past performance is not a reliable indicator of current or future results.

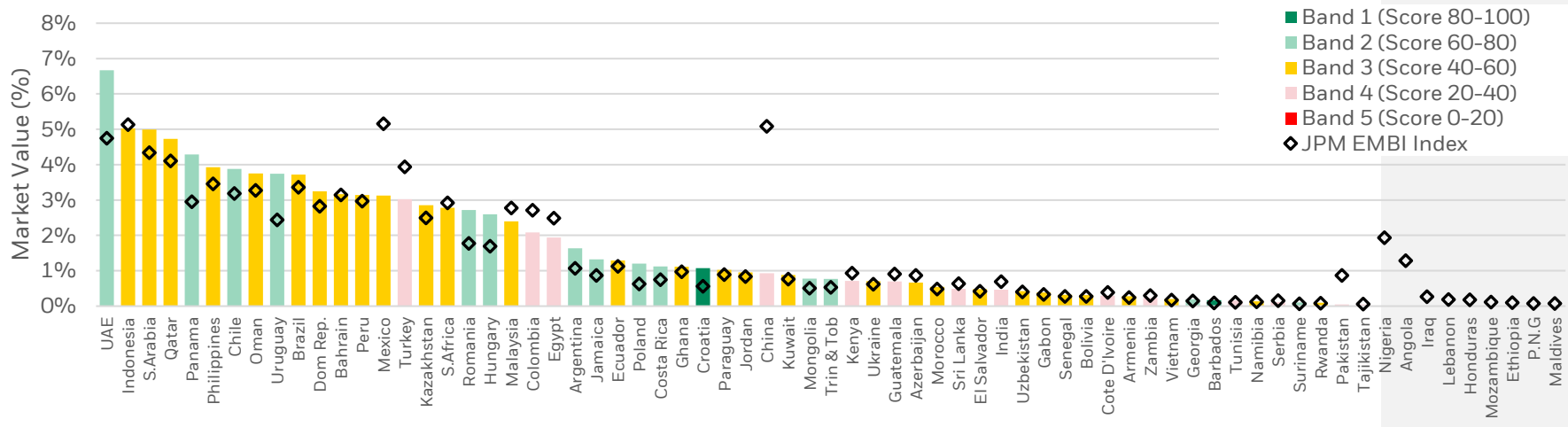
Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Note that the performance of the JESG EMBI GD Index is simulated as the index was inception on 19 April 2018. Simulated index returns are provided by JP Morgan and BlackRock do not take any responsibility for the accuracy of the information. In the attached information, we compare the characteristics of the JP Morgan EMBI GD Index with its ESG compliant counterpart, the JESG EMBI GD Index.

EMD ESG Index

JESG EMBI GD Index (hard currency)

As of 30 September 2022

Index Exposure by Country



Note: The grey shaded area represents excluded countries, the total MV% of exclusions from the JPM EMBI is 12%.

Top 5 increases in exposure vs traditional index (MV%)

Country	Band	MV% in JPM EMBI GD Index	MV% in JESG EMBI GD Index	Change
UAE	2	4.78%	6.61%	1.83%
Uruguay	2	2.43%	3.68%	1.25%
Panama	2	2.89%	4.14%	1.25%
Romania	2	1.73%	2.62%	0.89%
Hungary	1	1.68%	2.54%	0.86%

Top 5 decreases in exposure vs traditional index (MV%)

Country	Band	MV% in JPM EMBI GD Index	MV% in JESG EMBI GD Index	Change
China	4	5.34%	1.27%	-4.07%
Mexico	3	5.10%	3.06%	-2.04%
Turkey	4	4.15%	3.14%	-1.01%
Pakistan	4	0.63%	0.04%	-0.60%
Egypt	4	2.38%	1.83%	-0.55%

Source (all charts): BlackRock, JP Morgan. JESG Bands and scoring are calculated by JP Morgan, whereby Band 1 is considered the most ESG compliant. Please note that JESG Scores may vary on an intra-month basis. The overall band is the average of the underlying issuers in the country within the JESG benchmark (sovereigns/ quasi-sovereigns and corporates where applicable).

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