

BlackRock Global Funds – ESG Flex Choice Cautious Fund

October 2022

BlackRock Asset Management North Asia Limited 貝萊德資產管理北亞有限公司

This statement provides you with key information about this product
This statement is a part of the offering document
You should not invest in this product based on this statement alone

Quick facts

Management Company:	BlackRock (Luxembourg) S.A.			
Investment Adviser(s) and/or Sub-Adviser(s):	Internal delegation to one or more Investment Adviser(s) and/or Sub-Adviser(s) as described in “The Investment Advisers and Sub-Advisers” section of the Information For Residents of Hong Kong*			
	* Details of the relevant Investment Adviser(s) and Sub-Adviser(s) responsible for the Fund will be listed in the interim report and annual report and will be available from the Hong Kong Representative upon request.			
Depository:	The Bank of New York Mellon SA/NV, Luxembourg Branch			
Ongoing charges over a year:	Class A2	AUD Hedged	0.99%	*
	Class A2	CAD Hedged	0.99%	*
	Class A2	GBP Hedged	0.99%	*
	Class A2	HKD Hedged	0.99%	*
	Class A2	RMB Hedged	0.99%	*
	Class A2	USD	0.99%	*
	Class A6	AUD Hedged	0.99%	*
	Class A6	CAD Hedged	0.99%	*
	Class A6	GBP Hedged	0.99%	*
	Class A6	HKD Hedged	0.99%	*
	Class A6	RMB Hedged	0.99%	*
	Class A6	USD	0.99%	*
	Class A10	AUD Hedged	0.99%	*
	Class A10	CAD Hedged	0.99%	*
	Class A10	GBP Hedged	0.99%	*
	Class A10	HKD Hedged	0.99%	*
	Class A10	RMB Hedged	0.99%	*
	Class A10	USD	0.99%	*
	Class D2	USD	0.55%	*
	For a share class which is newly launched (marked *) the ongoing charges figure represents the Management Company’s best estimate of the ongoing charges based on the information available in respect of other active share classes with a similar fee structure.			
	The figure may vary from year to year.			

Dealing frequency:	Daily	Financial year end:	31 August
Base currency:	USD		
Dividend policy: (Class A and D as at the above date)	<p>Non-Distributing Shares: No dividends will be declared or paid</p> <ul style="list-style-type: none"> ▶ A2, D2 <p>Distributing Shares: Dividends, if declared will be paid in cash or reinvested</p> <ul style="list-style-type: none"> ▶ Monthly: A6, A10 <p>All declared dividends result in an immediate decrease in the Fund's net asset values per share on ex-date, whether paid in cash or reinvested.</p> <p>All distributing share classes may pay dividends out of gross income while charging all or part of its fees and expenses to capital (i.e. payment of fees and expenses out of capital). This will result in an increase in distributable income available for payment as dividends, and therefore, this share class may effectively pay dividends out of capital. Classes 6 and 10 may also pay dividends out of capital (including net realised and net unrealised capital gains) of the relevant share class at the Directors' discretion.</p> <p>The Directors may amend the above dividend policy subject to the SFC's prior approval and by giving one month's prior notice to investors.</p>		
Minimum investment:	<p>US\$5,000 initial, US\$1,000 additional for Class A Shares</p> <p>US\$100,000 initial, US\$1,000 additional for Class D Shares</p>		

What is this product?

ESG Flex Choice Cautious Fund (the "**Fund**") is a sub-fund of BlackRock Global Funds ("**BGF**"), an open-ended investment company incorporated in Luxembourg. Its home regulator is the Commission de Surveillance du Secteur Financier (CSSF).

Objectives and Investment Strategy

To maximise total return commensurate with a cautious level of risk and in a manner consistent with the principles of environmental, social and governance ("**ESG**") focused investing.

The Fund will aim to invest in a portfolio resulting in a carbon emissions intensity score that is 20% lower, and a weighted average ESG score higher than a composite benchmark comprising MSCI All Country World Index (20%) and Bloomberg US Universal Index (80%) (which are representative indices illustrating the Fund's intended exposures to equity and fixed income securities as stated below) at all times, as measured by the weighted average scores across the Fund's investments described below.

The Fund will seek to achieve its investment objective by obtaining indirect exposure to a broad range of asset classes, which may include equity and equity-related securities, fixed income and fixed income-related securities (including urban investment bonds* (城投債) (not expected to exceed 15% of the net asset value of the Fund) and non-investment grade**), alternative assets (for up to 10% of the net asset value of the Fund, such as commodities), cash and near-cash instruments. Exposure to these asset classes will be achieved through investment in shares or units of a concentrated portfolio of collective investment schemes ("**CIS**") (which themselves invest in a diversified portfolio of assets), including actively managed funds, exchange traded funds ("**ETFs**") and index funds, managed by one or more affiliates of the BlackRock Group.

The Fund will invest at least 80% of its total assets in Relevant CIS (as defined herein) which:

* Urban investment bonds are debt instruments issued by local government financial vehicles ("**LGFVs**") in the PRC listed bond and interbank bond market. LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

** Debt securities which are unrated or rated, at the time of purchase, BB+ (Standard & Poor's or equivalent rating) or lower by at least one recognised rating agency or, in the opinion of the Management Company, and, where applicable, based on the internal credit quality assessment procedure of the Management Company, are of comparable quality.

- (i) pursue a positive ESG objective or outcome, which are CIS that adopt one or more of the following ESG approaches according to the Investment Adviser's categorisation:
 - a. ESG screened: Exclusion of controversial activities and companies that benefit from them, e.g. controversial weapons manufacturers, thermal coal and tar sands producers, United Nation Global Compact Principles violators, based on metrics such as revenues generated from these activities;
 - b. ESG broad: Strategies that focus on improving the overall ESG profile of a portfolio, e.g. improved ESG score versus a benchmark, best in class stock selection based on ESG scores, a percentage of the portfolio's revenues aligned to the United Nations Sustainable Development Goals;
 - c. ESG thematic: Strategies that capitalise on long-term transformative industry or societal trends through pursuit of specific environmental, social or governance themes, e.g. businesses of which a majority of revenues are derived from products and services relating to one of these themes;
 - d. Impact: Strategies where investments are made with the intention to generate positive, measurable social and environmental impact alongside a financial return, e.g. businesses of which a majority of revenues advances one or more of the United Nations Sustainable Development Goals (including their respective targets), or
 - (ii) in the case of government bond exposures, track benchmark indices incorporating ESG requirements in their index methodologies (e.g. climate risk-adjusted government bond indices) or comprised of bonds issued by governments that have an ESG sovereign rating of at least BB (as defined by third party ESG data vendors), and
- in both cases being CIS with status aligned with the SFDR Regulation (as defined in the Prospectus), i.e. either Article 8 or 9 funds under the SFDR Regulation.

In addition, the Fund will aim to allocate at least 70% of its total assets in CIS incorporating ESG factors as their key investment focus, which are Relevant CIS described in (i) above except those adopting solely ESG screened approach, or those Relevant CIS in (ii) above. For the avoidance of doubt, the Fund does not adopt any exclusionary screen at the portfolio level, and each of the Relevant CIS may or may not adopt exclusionary screen(s), i.e. the ESG screened approach.

The maximum exposure to each Relevant CIS is limited to 20% of the Fund's total assets.

Where determined appropriate, the Fund may invest up to 20% of its net asset value in CIS other than the Relevant CIS and/or directly in derivatives, cash and near-cash instruments. The Fund may use derivatives (e.g. index futures and foreign exchange forwards) for hedging, risk mitigation and/or investment purposes.

The Fund will not be subject to any geographic restrictions, industry sector or market capitalisation limits in respect of the investments held by its underlying CIS. Whilst the Fund's exposures may vary over time, it is intended that its direct and indirect exposure to equities will be targeted at 20% of net asset value, and its direct and indirect exposure to fixed income securities will be targeted at 80% of net asset value. However, direct investment by the Fund is expected to be minimal. The currency exposure of the Fund is flexibly managed.

There can be no guarantee that the Fund will maintain a cautious level of risk, especially during periods of unusually high or low volatility in the equity and fixed income markets. Generally, the Fund will seek to be positioned such that the Fund's risk as measured by annualised volatility over a 5 year period falls within the range of 3%-5%, however, the Fund's risk profile may fall outside the stated range from time to time.

The Fund may invest in underlying CIS of which the net derivative exposure is more than 50% of the underlying CIS' net asset value. The Fund will only invest in underlying CIS authorised by the SFC¹ or in eligible schemes domiciled in Luxembourg, Ireland and/or the United Kingdom (whether authorised by the SFC or not).

The Fund's expected total maximum investment in debt instruments with loss-absorption features,

including but not limited to contingent convertible bonds, will be up to 20% of its net asset value. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The proportion of the Fund's net asset value that is expected to be subject to securities lending transactions from time to time ranges from 0% to 40% and will be consistent with the overall investment policy of the Fund.

¹ SFC authorisation is not a recommendation or endorsement of a fund nor does it guarantee the commercial merits of a fund or its performance. It does not mean the fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Use of Derivatives/Investment in Derivatives

The Fund's net derivative exposure may be up to 50% of the Fund's net asset value.

What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

1. Investment Risks

The Fund is an investment fund. The Fund's investment portfolio may fall in value due to any of the risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.

The performance of the Fund is partially dependent on the success of the asset allocation strategy employed by the Fund. There is no assurance that the strategy employed by the Fund will be successful and therefore the investment objectives of the Fund may not be achieved.

2. Risks of Investing in Other Collective Investment Schemes

- *Risk relating to fund of funds:* The Fund is a fund of funds and will be subject to the risks associated with the underlying CIS. The Fund does not have control of the investments of the underlying CIS and there is no assurance that the investment objective and strategy of the underlying CIS will be successfully achieved which may have a negative impact to the net asset value of the Fund.

The underlying CIS in which the Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying CIS. There is also no guarantee that the underlying CIS will always have sufficient liquidity to meet the Fund's redemption requests as and when made.

- *Risk relating to index funds:* The Fund may invest in index funds. Index funds are not actively managed. Falls in the related tracking index are expected to result in a corresponding fall in the value of the relevant index fund. Factors such as fees and expenses of an index fund, imperfect correlation between the index fund's assets and the underlying securities within the relevant tracking index, rounding of share prices, adjustments to the tracking index and regulatory policies may adversely affect the ability of the manager of an index fund to achieve close correlation with the tracking index for the relevant fund. An index fund's returns may therefore deviate from that of its tracking index. These factors may have an adverse impact on the value of the index funds, and thus the net asset value of the Fund may also be adversely impacted.
- *Trading risk of ETFs:* The trading prices of units in an ETF are driven by market factors such as the demand and supply of the units and may differ significantly from the net asset value of the units of such ETF. There can be no assurance that an active trading market will exist or maintain for units of an ETF on any securities exchange on which units of an ETF may trade. The units of the ETFs which the Fund may invest in may be traded at large discounts or premiums to their net asset value, which may in turn adversely affect the net asset value of the Fund.
- *Potential conflicts of interest:* There may be potential conflicts of interest where the Fund invests

in underlying CIS managed by one or more affiliates of the BlackRock Group. In the event of such conflicts, the Management Company will endeavour to ensure that such conflicts are resolved fairly taking into account investors' interests.

3. **ESG Investment Policy Risks**

There is a lack of standardised taxonomy of ESG evaluation methodology. The underlying CIS invested by the Fund may use certain ESG criteria in their investment strategies, as determined by the data provided by their respective ESG providers. Different ESG funds may use one or more different ESG providers, and the way in which different ESG funds will apply ESG criteria may vary.

The use of ESG criteria may affect the Fund's investment performance and, as such, the Fund may perform differently compared to similar funds that do not use such criteria. Further, the use of ESG criteria may also result in the Fund being concentrated in companies with ESG focus and its value may be more volatile than that of fund having a more diverse portfolio of investments.

In evaluating a security or issuer based on ESG criteria, the investment manager of an underlying CIS is dependent upon information and data from third party ESG providers, which may be incomplete, inaccurate, inconsistent or unavailable. As a result, there is a risk that the investment manager may incorrectly assess a security or issuer. Investment selection of the underlying CIS is based on subjective judgment of the investment manager. Hence, there is also a risk that the investment manager may not apply the relevant ESG criteria correctly or that the Fund may (via its investments in the CIS) gain limited exposure to issuers which may not be consistent with the relevant ESG criteria used by the Fund.

The ESG objective or outcome adopted by a Relevant CIS may change from time to time. There may be periods where the Fund is exposed to all of the ESG approaches as disclosed in the investment policy above via the Relevant CIS and other times where this may not be the case. Change in ESG objective or outcome of a Relevant CIS may involve rebalancing of the investments of the Fund and therefore the Fund may incur greater transaction costs than a Fund employing a buy-and-hold allocation strategy.

4. **Risks relating to Target Risk Strategy**

There is no assurance that the Fund will in all cases maintain the level of portfolio risk within its target range.

If market risk levels change substantially over short periods, changes to the mix of investments of the Fund may become more frequent to maintain the target level of portfolio risk, resulting in a higher portfolio turnover in the Fund. These will result in increased operating expenses payable by the Fund and thus the net asset value of the Fund may be adversely affected.

5. **Risks associated with Fixed Income Securities**

By having direct and indirect (via the underlying CIS) exposure to fixed income securities, the Fund will be subject to the following risks:

- *Credit/counterparty risk*: The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in. In the event of bankruptcy or default of an issuer, the Fund may experience losses and incur costs.
- *Interest rate risk*: Investment in the Fund is subject to interest rate risk. In general, the prices of fixed income securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- *Volatility and liquidity risk*: The debt securities in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs.

- *Downgrading risk:* The actual or perceived downgrading of a rated debt security or its issuer could decrease its value and liquidity, and may have an adverse impact on the Fund. The Fund may or may not be able to dispose of the debt securities that are being downgraded.
- *Non-investment grade/unrated bonds risk:* The Fund may invest in debt securities rated below investment grade or unrated.

Investment in non-investment grade or unrated bonds, including sovereign debts, may subject the Fund to higher credit/default risks. If the issuer of the non-investment grade or unrated bond defaults, or if the non-investment grade or unrated bonds fall in value, investors may suffer significant losses.

Non-investment grade or unrated bonds tend to be less liquid and more volatile, and the market for these bonds is generally less liquid and more volatile than higher rated fixed-income securities. Adverse events or market conditions may have a larger negative impact on the prices of non-investment grade or unrated bonds than on higher rated fixed-income securities. Such securities are also subject to a greater risk of loss of principal and interest than higher rated fixed-income securities.

- *Urban investment bonds (城投債) risk:* Urban investment bonds are issued by local government financing vehicles (“LGFVs”), such bonds are typically not guaranteed by local governments or the central government of the PRC. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the fund could suffer substantial loss and the net asset value of the Fund could be adversely affected.
- *Sovereign debt risk:* Investment in bonds issued or guaranteed by governments or authorities may involve political, social, economic, default, or other risks, which may in turn have an adverse impact on the Fund. Due to these factors, the sovereign issuers may not be able or willing to repay the principal and/or interest when due.

Holders of defaulting sovereign debt may be requested to participate in the restructuring of such debt. In addition, there may be limited legal recourses available against the sovereign issuer in case of failure of or delay in repayment.

- *Valuation risk:* Valuation of the Fund’s investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Fund.
- *Credit rating risk:* Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

6. Currency Risks

The Fund may invest in assets denominated in a currency other than the base currency of the Fund. Also, a class of shares may be designated in a currency other than the base currency of the Fund. Changes in exchange rates between such currency and the base currency and changes in exchange rate controls may adversely affect the value of the Fund’s assets.

The Investment Adviser may utilise techniques and instruments (e.g. currency overlays) in relation to currencies other than the base currency with the aim of generating positive returns. Any active currency management techniques implemented by the Fund may not be correlated with the underlying securities held by the Fund. As a result, the Fund may suffer significant losses even if there is no loss to the value of the underlying securities held by the Fund.

7. Derivatives Risks

Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the Fund. In

an adverse situation, if the use of derivatives for hedging and efficient portfolio management becomes ineffective, the Fund may suffer significant losses.

8. **Securities Lending Risks**

When engaging in securities lending, the Fund will have a credit risk exposure to the counterparties to any securities lending contract. Fund investments can be lent to counterparties over a period of time. A default by the counterparty combined with a fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of the Fund.

9. **Capital Growth Risks**

Risks associated with Fees and/or Dividends Paid Out of Capital

Any distributions involving payment of dividends out of capital (Classes 6 and 10) or payment of dividends out of gross income (i.e. payment of fees and expenses out of capital) (Classes 6 and 10) amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Whilst all dividends paid result in an immediate reduction of the net asset value per share, these share classes may pay larger dividends (i.e. by paying dividends out of capital or gross income), which may therefore result in a larger reduction in the net asset value per share.

10. **Currency Conversion Risk for Renminbi (“RMB”) Denominated Classes**

RMB is currently not freely convertible and is subject to exchange controls and restrictions. The Fund offers RMB denominated share classes. Subscriptions and redemptions for the Fund may involve conversion of currency. Currency conversion will be conducted at the applicable exchange rate and subject to the applicable spread.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' home currency will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the RMB denominated share classes.

Under exceptional circumstances, payment of realisation proceeds and/or dividend payment (if any) in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

RMB is traded in both the onshore and offshore markets. While both onshore RMB (“CNY”) and offshore RMB (“CNH”) represent the same currency, they are traded in different and separate markets which operate independently. Therefore, CNY and CNH do not necessarily have the same exchange rate and their movement may not be in the same direction. When converting the base currency of the Fund to RMB for the purposes of calculating the net asset value of a share class with a RMB reference currency, the Management Company will apply the CNH rate. Any divergence between CNH and CNY may adversely impact investors.

How has the fund performed?

There is insufficient data to provide useful indication of past performance to investors as the Fund is newly established for less than a full calendar year.

Is there any guarantee?

This Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Fund:

Fee	What you pay
Subscription Fee (Initial Charge)	Class A and Class D Shares: up to 5% of the price of shares
Switching Fee (Conversion Charge)	Nil [^] , except a delayed Initial Charge of up to 5% of the price of Class A or Class D Shares may be payable upon switching newly acquired Shares in a Reserve Fund into this Fund
Redemption Fee	Nil [^]
Contingent Deferred Sales Charge	Class A and Class D Shares: Nil

[^] A 2% charge on redemptions/conversions may be levied where excessive trading by a shareholder is suspected.

Ongoing fees payable by the Fund

The following expenses paid by the Fund affect you because they reduce the return on your investments:

Fee	Annual rate
Management Fee	0.84% of the net asset value of the relevant Class A Shares* 0.40% of the net asset value of the relevant Class D Shares*
Depository Fees[#]	Safekeeping fees: 0.0024% to 0.45% of the value of the securities Transactional fees: US\$5.5 to US\$124 per transaction
Performance Fee	Nil
Annual Service Charge	Up to 0.25% of the net asset value of the relevant share class*
Distribution Fee	Class A and Class D Shares: Nil

* May be increased to a combined 2.25% maximum upon giving three months' prior notice to shareholders

[#] Subject to change without prior notice

Other fees

You may have to pay other fees and charges when dealing in the shares of the Fund.

Additional Information

- ▶ You generally buy and redeem shares at the Fund's next-determined price as long as the Hong Kong Representative or the Transfer Agent receives your request in good order before the 6:00p.m. cut-off (HK time). Please check whether your distributor has an internal cut-off time which is earlier than this.
- ▶ The net asset value of the Fund is calculated daily. Prices of shares are published each business day on www.blackrock.com/hk. This website has not been reviewed by the SFC.
- ▶ The updated list of currently available shares is available from the Hong Kong Representative.
- ▶ The composition of the latest dividends (i.e. relative amounts paid from (i) net distributable income and (ii) capital) for the last 12 months are available from the Hong Kong Representative upon request and on www.blackrock.com/hk. This website has not been reviewed by the SFC.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.