

**This notice contains important information that requires your immediate attention. Should you have any queries, you are recommended to seek independent professional advice.**

The following change(s) in investment choice(s) relate(s) to the “Global Series” and “Premier-Choice Series” plans. The “Global Series” includes Global InvestPlan, Global InvestPlus and GlobalONE Plus<sup>^</sup>. The “Premier-Choice Series” includes Premier-Choice ULife InvestPlan, Premier-Choice Flexi, Premier-Choice Flexi Plus, Premier-Choice InvestPlan and Premier-Choice PLUS InvestPlan.

As informed by BlackRock Asset Management North Asia Limited, as Hong Kong Representative of BlackRock Global Funds, they will be evolving certain underlying funds to align with new guidelines from the European Securities and Markets Authority (ESMA) on the use of ESG or sustainability-related terms in underlying funds' names (the “ESMA Guidelines”) with effect from 6 May 2025 (the “Effective Date”).

**1. Change of Investment Policy and Name of the Underlying Fund of the Investment Choice**

- *BlackRock Global Funds - Systematic Sustainable Global SmallCap Fund Class “A” (MLGSU)*

From the Effective Date, to ensure that the investment characteristics and positioning of the underlying fund of the investment choice above can better meet the expectations and demands of investors, the investment policy of the underlying fund will be amended to:

- (i) remove the commitment to have a superior ESG outcome compared to the index; and
- (ii) withdraw the minimum percentage of exclusion of the 20% least ESG well-rated securities from the underlying fund's index.

While the underlying fund will continue to be considered as promoting environmental and/or social characteristics within the meaning of Article 8 under the SFDR, it will no longer be classified as an ESG fund in Hong Kong pursuant to the SFC Circular. As a result of the changes to the underlying fund's investment objective and policy, ESG investment policy risk will no longer be considered a key risk of the underlying fund.

Following the publication of the ESMA Guidelines, to reflect the update to the investment policy of the underlying fund as set out above, the name of the underlying fund will be updated as indicated below. Accordingly, the name of the investment choice will also be renamed with effect from the Effective Date as follows:

<b>New Name of the Investment Choice</b>	<b>New Name of the Underlying Fund</b>
BlackRock Global Funds - Systematic Global SmallCap Fund Class “A”	BlackRock Global Funds - Systematic Global SmallCap Fund

**2. Change to the Prospectus related to the ESMA Guidelines for the Underlying Fund of the Investment Choice**

- *BlackRock Global Funds - Sustainable Energy Fund Class “A” (MLNEU)*
- *BlackRock Global Funds - ESG Multi-Asset Fund Class “A” (MLMAU)*
- *BlackRock Global Funds - Nutrition Fund Class “A” (MLWAU)*

From the Effective Date, the investment strategy of the underlying funds of the investment choices above will introduce or amend certain of their characteristics, seeking to ensure that the underlying funds comply with the applicable regulatory framework following the entry into application of the ESMA Guidelines.

Apart from the ESMA Guidelines-related changes described in this section and any other changes mentioned in this notice, the ESG characteristics and commitments of the underlying funds listed below remain unchanged.

The table below sets out the changes made to the underlying funds for implementing the ESMA Guidelines, irrespective of their investment strategies.

Code	Underlying Fund	Commitments from the Effective Date
MLNEU	BlackRock Global Funds - Sustainable Energy Fund	<p>The investment objectives and policies of the underlying fund will be amended to provide that the underlying funds will apply the Paris-aligned Benchmark Exclusions, pursuant to the implementation of the ESMA Guidelines recommendations.</p> <p>The underlying funds will continue to have a sustainable objective within the meaning of Article 9 under the SFDR and classified as ESG funds in Hong Kong pursuant to the SFC Circular.</p>
MLMAU	BlackRock Global Funds - ESG Multi-Asset Fund	<p>The investment objective and policy of the underlying fund will be amended to:</p> <ul style="list-style-type: none"> <li>(i) provide that the underlying fund will apply the Paris-aligned Benchmark Exclusions, pursuant to the implementation of the ESMA Guidelines recommendations;</li> <li>(ii) increase its minimum proportion of investments used to meet E/S Characteristics or sustainable investment objective from 70% to 80%.</li> </ul> <p>The underlying fund will continue to be considered as promoting environmental and/or social characteristics within the meaning of Article 8 under the SFDR and classified as an ESG fund in Hong Kong pursuant to the SFC Circular.</p>
MLWAU	BlackRock Global Funds - Nutrition Fund	<p>The investment objective and policy of the underlying fund will be amended to provide that the underlying fund will apply the Climate Transition Benchmark Exclusions, pursuant to the implementation of the ESMA Guidelines recommendations.</p> <p>The underlying fund will continue to have a sustainable objective within the meaning of Article 9 under the SFDR and classified as an ESG fund in Hong Kong pursuant to the SFC Circular.</p>

### 3. Change of Name of the Underlying Fund of the Investment Choice

- *BlackRock Global Funds - Sustainable Global Bond Income Fund "A" (CD) (MLSBU)*

Following the publication of the ESMA Guidelines, the investment policy and objective of the underlying fund of the investment choice above will remain the same, but its name will be updated as indicated below. Accordingly, the name of the investment choice will also be renamed with effect from the Effective Date as follows:

New Name of the Investment Choice	New Name of the Underlying Fund
BlackRock Global Funds - Global Bond Income Fund "A" (CD)	BlackRock Global Funds - Global Bond Income Fund

In addition to the ESG prospectus changes described above, there are additional changes to the underlying funds that are not related to ESG or the ESMA Guidelines as addressed below.

### 4. Change to French SRI Label Section of the Prospectus of the Underlying Fund of the Investment Choice

- *BlackRock Global Funds - Sustainable Energy Fund Class "A" (MLNEU)*
- *BlackRock Global Funds - ESG Multi-Asset Fund Class "A" (MLMAU)*
- *BlackRock Global Funds - Nutrition Fund Class "A" (MLWAU)*

The section "French SRI Label" in the prospectus of BlackRock Global Funds will be amended to remove references to BlackRock Global Funds - Nutrition Fund and BlackRock Global Funds - Sustainable Energy Fund, the underlying funds of MLWAU and MLNEU respectively, as these underlying funds will no longer have a SRI label anymore.

The section "French SRI Label" has been further amended and clarified, in particular considering the entry into force of the new French SRI Label framework (V3) on 1 March 2024, with a transition period ending on 1st January 2025. This framework sets new targets for underlying funds that include companies involved in high-impact climate sectors based on a selection of environmental and social key issues. Each corporate issuer will be evaluated based on the exclusions of corporate and sovereign issuers as per the list of exclusions set out in the Appendix 7 of the SRI label standard.

The SRI label will maintain its generalist nature, with enhanced selectivity on other environmental, social and governance criteria.

As a result of the entry into force of the new French SRI Label framework (V3) in stages and to ensure that the new requirements applicable from 1st January 2025 are complied with, the ESG commitments of the BlackRock Global Funds - ESG Multi-Asset Fund, the underlying fund of MLMAU, will be modified to provide that the underlying fund will commit to have a superior ESG outcome than its Index, after eliminating at least 25% of the least well-rated securities from it.

**5. Change to the Investment Objective and Policy of the Underlying Fund of the Investment Choice**

- *BlackRock Global Funds - Asian Tiger Bond Fund Class "A" (MLABU)*

The list of countries contained in the "Asian Tiger countries" definition in the investment objective and policy of the underlying fund of the investment choice will be updated to remove Cambodia, Laos and Myanmar and include Sri Lanka, Japan and Mongolia.

Save as otherwise mentioned above, there will be no material change to the risk and return profile and the features of the underlying funds and no change to the operation and/or manner in which the underlying funds are being managed. The changes will not materially prejudice the interests of the investors of the underlying fund and there will be no impacts on the existing investors of the underlying funds.

**You should refer to the relevant offering documents and the notice to shareholders of the underlying fund(s) of the above investment choice(s), which are made available by YF Life Insurance International Ltd. upon request, or visit our website ([www.yflife.com](http://www.yflife.com)) to carefully read the details of the relevant documents in relation to the above change(s).**

**If you have selected the above investment choice(s) under your insurance policy and if for any reason you wish to change to other investment choice(s), you may switch your investment choice(s) to other available investment choice(s) provided by your policy. Currently, no switching charge and bid-offer spread apply to the investment choices. For details, please refer to Investment Choice Brochure or contact YF Life Insurance International Ltd. - Customer Service Hotline at (852) 2533 5555 (Hong Kong)/ (853) 2832 2622 (Macau).**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR ATTENTION.

If you are in any doubt about the content, you should consult your relationship manager or other professional adviser.

## BlackRock Global Funds

18 March 2025

Dear Shareholder,

BlackRock offers one of the industry's most comprehensive sustainable product ranges, shaped by client demand and preferences, and we remain committed to evolving our platform to help clients achieve their sustainable and transition investment goals.

We, BlackRock Asset Management North Asia Limited, as Hong Kong Representative of BlackRock Global Funds (the "**Company**"), are writing to inform you that we will be evolving certain Fund(s) to align with new guidelines from the European Securities and Markets Authority (ESMA) on the use of ESG or sustainability-related terms in funds' names (the "**ESMA Guidelines**").

In implementing the new guidelines (ahead of 21 May 2025 for existing Funds), our approach has been shaped by three key principles:

- ▶ maintaining the rigour of our sustainable investment approach;
- ▶ seeking to ensure our products remain aligned with client preferences; and
- ▶ seeking to avoid any changes that could negatively impact client outcomes.

These guidelines will set specific requirements for funds that use terms like "Sustainability", "Environmental" and "Impact" in their names. For these funds, the Company will be typically required to apply EU Paris-aligned Benchmark (PAB) exclusions (these broadly prohibit investments in companies involved in controversial weapons or tobacco; having violated UN Global Compact principles or OECD Guidelines for Multinational Enterprises; or deriving revenues above certain specified thresholds from coal, oil, gas or electricity generation) (the "**PAB Exclusions**")<sup>1</sup>.

Similarly, for funds using terms like "Social", "Governance" and "Transition" in their names, the Company will be typically required to apply EU Climate Transition Benchmark (CTB) exclusions (these broadly prohibit investments in companies involved in controversial weapons or tobacco; or having violated UN Global Compact principles or OECD Guidelines for Multinational Enterprises).

Additionally, any fund using ESG or sustainability-related terms will be required to ensure that at least 80% of its investments align with the environmental or social goals or sustainable investment objectives, as stated in the fund's regulatory disclosures.

Where the majority of clients have expressed that maintaining the fund's current investment process and client outcomes is their preference, the Company will be amending the fund name. To reflect this client feedback while adhering to the ESMA Guidelines, these funds will not maintain ESG or sustainability-related terms in their name, but they may retain a focus on Environmental, Social and/or Governance risks and opportunities within the fund's investment strategy. This will be clearly outlined in fund documentation.

<sup>1</sup> The Funds may gain indirect exposure for non-investment purposes (through, including but not limited to, derivatives and shares or units of collective investment schedules) to issuers with exposures that are inconsistent with the EU PAB Exclusions described. Circumstances in which such indirect exposure may arise include, but are not limited to, where a counterparty to a foreign direct investment ( "**FDI**" ) in which the Funds invest posts collateral which is inconsistent with the Funds' ESG criteria or where a collective investment scheme ( "**CIS**" ) in which the Funds invest does not apply any or the same ESG criteria as the Funds and so provide exposure to securities which are inconsistent with Funds' ESG criteria.

We are therefore writing to notify you that certain sub-funds of the Company (the "**Funds**") will evolve to meet the ESMA Guidelines, effective from 6 May 2025 (the "**Effective Date**").

If you would like more information or to view the current prospectus, you can visit [www.blackrock.com.hk](http://www.blackrock.com.hk)<sup>1</sup>.

In addition to the changes related to the implementation of the ESMA Guidelines that will be covered in the first section of this letter, other changes to be implemented irrespective of the ESMA Guidelines will be addressed in the second section.

For a more comprehensive view of the extent of the amendments made to each Fund's specific investment objective and policy, please refer to the blackline outlining the relevant changes, which will be made available under the section headed "Documents" on the respective Fund's webpage at [www.blackrock.com.hk](http://www.blackrock.com.hk)<sup>1</sup>.

Terms not defined herein shall have the same meaning as set out in the Prospectus of the Company (the "**Prospectus**") currently in force (available at [www.blackrock.com.hk](http://www.blackrock.com.hk)<sup>1</sup>).

## **I. ESG Prospectus Changes**

### ***Changes to the investment objective and policy of Sustainable Asian Bond Fund (to be renamed "Asia Pacific Bond Fund")***

From the Effective Date, the investment objective and policy of Sustainable Asian Bond Fund will be changed to ensure that the investment characteristics and positioning of the Fund can better meet the expectations and demands of investors and to offer a differentiated solution compared to BlackRock's traditional Asia credit funds.

Currently, the Fund seeks an above average income when compared to its benchmark, J.P. Morgan ESG Asia Credit Index ("**Index**"), without sacrificing capital growth, with the aim of maximising total return over a rolling three-year period, and seeks to invest in a manner consistent with the principles of environmental, social and governance ("**ESG**") focused investing. From the Effective Date, the investment objective of the Fund will be amended to seek to maximise income without sacrificing long term capital growth, and seek to invest in a manner consistent with the principles of ESG focused investing.

The investment policy of the Fund will be amended to:

- (i) Reposition the Fund's investable universe to Asia Pacific, including Japan and Australia, following the change of Index from the Index to the iBoxx USD Asia-Pacific ex-Greater China Non-Sovereigns Investment Grade Climate Transition Index ("**New Index**");
- (ii) Change the Fund's ESG reporting index from the JP Morgan Asia Credit Index ("**ESG Reporting Index**") to the "iBoxx USD Asia-Pacific ex-Greater China Non-Sovereigns Investment Grade Capped Index" (the "**New ESG Reporting Index**");
- (iii) Provide that the Fund's exposure to might be exposed to non-investment grade or unrated securities (which may exceed 30% of the Fund's net asset value currently) will be reduced to for up to 20% of its total assets;
- (iv) Decrease the Fund's maximum exposure to contingent convertible bonds from 20% to 15% of its total assets and to Distressed Securities from 10% to 5% of its total assets;
- (v) Reduce its minimum proportion of investments used to meet Environmental/Social ("**E/S**") Characteristics (or sustainable investment objective (as set out in the PCD of the Fund) from 80% to 70%;
- (vi) Remove its commitment to have at least 90% of the issuers ESG rated or analysed for ESG purposes;
- (vii) Remove the mentions to the exclusions of issuers investing in production or distribution of palm oil, ownership or operation of gambling related activities or facilities, or involved in the production of adult entertainment materials;
- (viii) Remove its 20% minimum commitments to Sustainable Investments;
- (ix) Remove the commitment to have a superior ESG outcome compared to the ESG Reporting Index;
- (x) Withdraw the minimum percentage of exclusion of the 20% least ESG well-rated securities from the Fund's ESG Reporting Index;

<sup>1</sup> Investors should note that the website has not been authorised or reviewed by the SFC.

- (xi) Remove its current commitment to have a 30% lower carbon emission intensity relative to its ESG Reporting Index, and provide in place that the Fund will seek to have a weighted average absolute carbon emission contribution (scope 1+2 emission excluding green and sustainable bonds) at least 30% lower compared to the New ESG Reporting Index; and
- (xii) Provide that currency exposure of the Fund is no longer flexibly managed and the Investment Adviser will not regularly utilise techniques and instruments (e.g. currency overlays) in relation to currencies other than the base currency with the aim of generating positive returns.

As currency exposure is no longer flexibility managed, currency risks associated with active currency management will no longer be considered a key risk of the Fund. Furthermore, due to the decrease in the exposure to non-investment grade or unrated bonds, non-investment grade/unrated bonds risk will no longer be considered a key risk of the Fund. The geographical concentration risk as set out in the Product Key Facts Statement ("**KFS**") of the Fund will also be updated to reflect the risks associated with concentration of investment in the Asia Pacific region.

As a result of the changes to the investment policy of the Fund, the key ESG investment theme of the Fund will be changed from "ESG / sustainability" to "climate change". For the avoidance of doubt, the Fund will continue to be considered as promoting environmental and/or social characteristics within the meaning of Article 8 under the SFDR and classified as an ESG fund in Hong Kong pursuant to the "Circular to management companies of SFC-authorized unit trusts and mutual funds – ESG funds" issued by the SFC dated 29 June 2021, as may be revised from time to time ("**SFC Circular**"). An updated applicable PCD will be made available under Appendix H of the Prospectus in compliance with applicable regulatory requirements in due course.

Please refer to Appendix I of this letter for the changes to the investment objective and policy in the KFS of Sustainable Asian Bond Fund.

***Changes to the investment policy of Systematic Sustainable Global SmallCap Fund (to be renamed "Systematic Global SmallCap Fund")***

From the Effective Date, to ensure that the investment characteristics and positioning of the Fund can better meet the expectations and demands of investors, the investment policy of the Fund will be amended to:

- (i) Remove the commitment to have a superior ESG outcome compared to the Index; and
- (ii) Withdraw the minimum percentage of exclusion of the 20% least ESG well-rated securities from the Fund's Index.

While the Fund will continue to be considered as promoting environmental and/or social characteristics within the meaning of Article 8 under the SFDR, it will no longer be classified as an ESG fund in Hong Kong pursuant to the SFC Circular. As a result of the changes to the Fund's investment objective and policy, ESG investment policy risk will no longer be considered a key risk of the Fund. An updated applicable PCD will be made available under Appendix H of the Prospectus in compliance with applicable regulatory requirements in due course.

Please refer to Appendix I of this letter for the changes to the investment objective and policy in the KFS of Systematic Sustainable Global SmallCap Fund.

***Changes to the investment policy of Systematic Global Sustainable Income & Growth Fund (to be renamed "Systematic Global Income & Growth Fund")***

From the Effective Date, to ensure that the investment characteristics and positioning of the Fund can better meet the expectations and demands of investors, the investment policy of the Fund will be amended to:

- (i) Provide that the Fund will have at least a 30% lower carbon emissions intensity score relative to its Index; and
- (ii) Remove the commitment to eliminate at least 20% of the least well-rated securities from the Index. The Fund's commitment to have its ESG score higher than its Index remains unchanged.

As a result of the changes to the investment policy of the Fund, the key ESG investment theme of the Fund will be changed from "ESG / sustainability" to "climate change". The Fund will continue to be considered as promoting environmental and/or social characteristics within the meaning of Article 8 under the SFDR and classified as an ESG fund in Hong Kong pursuant to the SFC Circular. An updated applicable PCD will be made available under Appendix H of the Prospectus in compliance with applicable regulatory requirements in due course.

Please refer to Appendix I of this letter for the changes to the investment objective and policy in the KFS of Systematic Global Sustainable Income & Growth Fund.

### ***Changes to the investment policy of China Onshore Bond Fund***

The Investment Adviser decided to reduce the Fund's minimum commitments to green, sustainable and social bonds from 20% to 10% and reduce its minimum proportion of investments used to meet E/S Characteristics or sustainable investment objective from 80% to 70%. In addition, the Fund will no longer commit to investing a minimum of 1% in Sustainable Investments with a social objective, as Sustainable Investments with a social objective are not part of the Fund's investment universe.

Furthermore, to provide greater investment opportunities, the Investment Adviser resolved to remove the Fund's commitment to reduce its investable universe by 20%.

While the Fund will continue to be considered as promoting environmental and/or social characteristics within the meaning of Article 8 under the SFDR, it will no longer be classified as an ESG fund in Hong Kong pursuant to the SFC Circular. As a result of the changes to the Fund's investment objective and policy, ESG investment policy risk will no longer be considered a key risk of the Fund.

Please refer to Appendix I of this letter for the changes to the investment objective and policy in the KFS of China Onshore Bond Fund.

### ***Changes to the Prospectus related to the ESMA Guidelines***

This sub-section relates only to the changes to the Prospectus that are triggered by the implementation of the ESMA Guidelines.

From the Effective Date, the investment strategy of the below listed Funds will introduce or amend certain of their characteristics, seeking to ensure that the Funds comply with the applicable regulatory framework following the entry into application of the ESMA Guidelines.

Apart from the ESMA Guidelines-related changes described in this section and any other changes mentioned in this letter, the ESG characteristics and commitments of the Funds listed below remain unchanged.

The table below sets out the changes made to the Funds for implementing the ESMA Guidelines, irrespective of their investment strategies. For the ease of reading, Funds subject to the same changes have been regrouped under the same row.

<b>Funds</b>	<b>Commitments from the Effective Date</b>
<b>Sustainable Global Dynamic Equity Fund</b>	<p>The investment objective and policy of the Fund will be amended to:</p> <ul style="list-style-type: none"><li>(i) Provide that the Fund will apply the PAB Exclusions, pursuant to the implementation of the ESMA Guidelines recommendations;</li><li>(ii) Increase its minimum commitments to Sustainable Investments from 20% to 50%.</li></ul> <p>The Fund will continue to be considered as promoting environmental and/or social characteristics within the meaning of Article 8 under the SFDR and classified as an ESG fund in Hong Kong pursuant to the SFC Circular. An updated applicable PCD will be made available under Appendix H of the Prospectus in compliance with applicable regulatory requirements in due course.</p>
<b>Sustainable Global Infrastructure Fund</b>	<p>The investment objective and policy of the Fund will be amended to:</p> <ul style="list-style-type: none"><li>(i) Provide that the Fund will apply the PAB Exclusions, pursuant to the implementation of the ESMA Guidelines recommendations.</li><li>(ii) Remove the custom ESG screen which incorporates multiple components, including screens used to limit or exclude direct investment (as applicable) in corporate issuers which have any exposure to, or ties with, controversial weapons or conventional weapons; the production, distribution, licensing, retail or supply of tobacco or tobacco-related products; the production or distribution of firearms or small arms ammunitions intended for retail civilians; are deemed to have failed to comply with one or more of the ten United Nations Global Compact Principles ("UNGC"), which cover human rights, labor standards, the environment and anti-corruption; the extraction of, or the generation of power using, thermal coal or tar sands (also known as oil sands).</li></ul> <p>The Fund will continue to have a sustainable objective within the meaning of Article 9 under the SFDR and classified as an ESG fund in Hong Kong pursuant to the SFC Circular. An updated applicable PCD will be made available under Appendix H of the Prospectus in compliance with applicable regulatory requirements in due course.</p>
<b>Circular Economy Fund, Future Of Transport Fund,</b>	<p>The investment objectives and policies of the Funds will be amended to provide that the Funds will apply the PAB Exclusions, pursuant to the implementation of the ESMA Guidelines recommendations.</p>

Funds	Commitments from the Effective Date
<b>Sustainable Energy Fund,</b> <b>US Government Mortgage Impact Fund.</b>	The Funds will continue to have a sustainable objective within the meaning of Article 9 under the SFDR and classified as ESG funds in Hong Kong pursuant to the SFC Circular. Updated applicable PCDs will be made available under Appendix H of the Prospectus in compliance with applicable regulatory requirements in due course.
<b>ESG Multi-Asset Fund.</b>	<p>The investment objective and policy of the Fund will be amended to:</p> <ul style="list-style-type: none"> <li>(i) Provide that the Fund will apply the PAB Exclusions, pursuant to the implementation of the ESMA Guidelines recommendations;</li> <li>(ii) Increase its minimum proportion of investments used to meet E/S Characteristics or sustainable investment objective from 70% to 80%.</li> </ul> <p>The Fund will continue to be considered as promoting environmental and/or social characteristics within the meaning of Article 8 under the SFDR and classified as an ESG fund in Hong Kong pursuant to the SFC Circular. An updated applicable PCD will be made available under Appendix H of the Prospectus in compliance with applicable regulatory requirements in due course.</p>
<b>Nutrition Fund</b>	<p>The investment objective and policy of the Fund will be amended to provide that the Fund will apply the CTB Exclusions, pursuant to the implementation of the ESMA Guidelines recommendations.</p> <p>The Fund will continue to have a sustainable objective within the meaning of Article 9 under the SFDR and classified as an ESG fund in Hong Kong pursuant to the SFC Circular. An updated applicable PCD will be made available under Appendix H of the Prospectus in compliance with applicable regulatory requirements in due course.</p>
<b>Next Generation Health Care Fund</b>	<p>The investment objective and policy of the Fund will be amended to:</p> <ul style="list-style-type: none"> <li>(i) Remove the Fund's 80% minimum commitment to investments used to meet E/S Characteristics or sustainable investment objective;</li> <li>(ii) Remove the Fund's commitment to apply the BlackRock EMEA Baseline Screens;</li> <li>(iii) Remove the Fund's constraint to have a lower carbon emissions intensity score compared to its benchmark.</li> </ul> <p>As a result of the above changes, the Fund will not have any ESG commitments as part of its investment objective and policy anymore and thus, the Fund will be reclassified from Article 8 Funds to Article 6 Funds under the SFDR. For the avoidance of doubt, the Fund is not currently classified as an ESG fund in Hong Kong pursuant to the SFC Circular.</p>

#### ***Changes to the SFDR section***

The Article 8 Funds' list will be modified to reflect that the Next Generation Health Care Fund will now classify as Article 6 Fund and no longer as Article 8 Fund.

#### ***Change of Funds' names***

Following the publication of the ESMA Guidelines, to reflect the update to the investment objectives and/or policies of the Funds as set out above, the name of the following Funds will be updated as follows:

- (i) from "Sustainable Asian Bond Fund" to "Asia Pacific Bond Fund";
- (ii) from "Systematic Global Sustainable Income & Growth Fund" to "Systematic Global Income & Growth Fund"; and
- (iii) from "Systematic Sustainable Global SmallCap Fund" to "Systematic Global SmallCap Fund".

Following the publication of the ESMA Guidelines, the investment policies and objectives of the following Funds will remain the same, but their name will be updated as follows:

- (i) from "Sustainable Global Bond Income Fund" to "Global Bond Income Fund"; and
- (ii) from "Sustainable World Bond Fund" to "World Bond Fund".

For the avoidance of doubt, all occurrences to the previous Funds' names will be amended throughout the Hong Kong offering documents in order to reflect the new Funds' names, where relevant.



### ***Fee Impact of the ESG Changes***

There will be no change to the fees and expenses borne by the Funds and/or their respective Shareholders as a result of the proposed changes.

## **II. Other Changes to the Prospectus**

In addition to the ESG Prospectus Changes described above, the Shareholders are informed of the additional changes to the Funds that are not related to ESG or the ESMA Guidelines as addressed in this second section.

### ***Change to the Management section***

The section "Management" will be amended to reflect the current composition of the board of directors of the Management Company following Mr. Tarek Mahmoud's resignation effective as from 1 October 2024.

### ***Changes to the Important Notice section***

The section "Important Notice" will be amended to reflect that pursuant to the entry into force of CSSF Circular 24/856, rights of an investor that invests into the Company through an intermediary to be compensated in case of net asset value calculation errors, non-compliance with investment rules and/or other errors at the level of the Fund may be affected.

### ***Changes to the French SRI Label section***

The section "French SRI Label" will be amended to remove references to (i) the Circular Economy Fund, (ii) the Future Of Transport Fund, (iii) the Nutrition Fund and (iv) the Sustainable Energy Fund, as these Funds will no longer have a SRI label anymore.

The section "French SRI Label" has been further amended and clarified, in particular considering the entry into force of the new French SRI Label framework (V3) on 1 March 2024, with a transition period ending on 1st January 2025. This framework sets new targets for Funds that include companies involved in high-impact climate sectors based on a selection of environmental and social key issues. Each corporate issuer will be evaluated based on the exclusions of corporate and sovereign issuers as per the list of exclusions set out in the Appendix 7 of the SRI label standard.

The SRI label will maintain its generalist nature, with enhanced selectivity on other environmental, social and governance criteria.

As a result of the entry into force of the new French SRI Label framework (V3) in stages and to ensure that the new requirements applicable from 1st January 2025 are complied with, the ESG commitments of the ESG Multi Asset Fund will be modified to provide that the Fund will commit to have a superior ESG outcome than its Index, after eliminating at least 25% of the least well-rated securities from it.

### ***Changes to the Investment Stewardship section***

The section "Investment Stewardship" has been updated in light of BlackRock's new engagement priorities summarising BlackRock's constructive and long-term approach with companies and reflecting the investment horizons of the investors. These engagement priorities reflect the five themes on which BlackRock most frequently engage companies being the board quality and effectiveness, the strategy, purpose and financial resilience, the incentives aligned with financial value creation, the climate and natural capital and the companies' impacts on people.

You may find a complete summary of such aspects in BlackRock's updated investment stewardship following this link: <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>.<sup>2</sup>

### ***Changes to the Funds' Investment Objectives and Policies section***

#### ***Changes to the list of Asian Tiger countries***

The list of countries contained in the "Asian Tiger countries" definition will be updated to remove Cambodia, Laos and Myanmar and include Sri Lanka, Japan and Mongolia. To avoid any confusion, this change has an impact on the investable universe of the Asian Tiger Bond Fund only.

#### ***Changes to the China Onshore Bond Fund***

The Investment Adviser has decided to amend the investment objective and policy of the Fund to provide that the Fund may hold cash and near cash instruments on a temporary basis and for liquidity management purposes.

#### ***Changes to the (i) Fixed Income Global Opportunities Fund, and (ii) Sustainable Global Bond Income Fund (to be renamed "Global Bond Income Fund")***

The investment policies and objectives of the Fixed Income Global Opportunities Fund and Sustainable Global Bond Income Fund (to be renamed "Global Bond Income Fund") will be amended to invite investors to refer to the Bloomberg Global Aggregate Bond Index (USD Hedged) as an appropriate benchmark to compare the performance of the Funds.

This change has no impact on the way the Funds are being managed and remain in any case actively managed and not constrained by any benchmark when constructing their portfolios.

#### ***Changes to the Next Generation Health Care Fund***

The Benchmark Use section in the Prospectus for the Next Generation Health Care Fund will be updated to clarify that, the Investment Adviser is referring to the Stoxx Global Breakthrough Healthcare Index solely for risk management purposes.

#### **III. Impact of the Changes**

Save as otherwise mentioned above, there will be no material change to the risk and return profile and the features of the Funds and no change to the operation and/or manner in which the Funds are being managed. The changes will not materially prejudice the rights or interests of the Shareholders of the Funds and there will be no impacts on the existing shareholders of the Funds.

#### **IV. Costs**

The amendments described in this letter will not result in any change to the fees and expenses borne by the Funds and/or their respective Shareholders. Except for the costs incurred in trading of securities as part of the repositioning and realignment of the portfolios of the Funds (where applicable) the associated fees and expenses (e.g., mailing costs) will be paid by the Management Company out of the Annual Service Charge charged to the Funds.

#### **V. Action to be taken by you**

Shareholders are not required to take any action in relation to the changes described in this letter. If, however, you do not agree with them you may redeem your Shares free of any redemption charges for a period of six (6) weeks following the date of this letter and at any time prior to the Effective Date, whichever is later, in accordance with the provisions of the Prospectus.

If you have any questions regarding the redemption process, please contact the Company's Hong Kong Representative (see details below). Any redemption of your shares may affect your tax position and you should consult your own professional advisers as to the implications of disposing of shares under the laws of the jurisdictions in which you may be subject to tax.

Redemption proceeds will be paid to Shareholders within three (3) Business Days of the relevant Dealing Day, provided that the relevant documents (as described in the Prospectus) have been received.

#### **VI. General Information**

Updated versions of the Prospectus, Information for Residents of Hong Kong and KFS of the Funds will be available to download from our website (<https://www.blackrock.com/hk2>) and in hard copy format free of charge in due course and upon request from your local representative on +852 3903-2688 or at the office of the Hong Kong Representative at the address stated below.

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

If you would like any further information or have any questions regarding this letter, please contact the Company's Hong Kong Representative, BlackRock Asset Management North Asia Limited, at 16/F Champion Tower, 3 Garden Road, Central, Hong Kong or by telephone on +852 3903-2688.

Yours faithfully

**BlackRock Asset Management North Asia Limited**

**Hong Kong Representative**

## Appendix I

As from the Effective Date, the investment objective and policy in the KFS of the following Funds will be revised as follows:

Fund	Changes to the investment objective and policy in the KFS
<p><b>Sustainable Asian Bond Fund (to be renamed as "Asia Pacific Bond Fund")</b></p>	<p>The Fund seeks <del>an above-average income when compared to its benchmark, J.P. Morgan ESG Asia Credit Index</del> to maximise income, without sacrificing long term capital growth, <del>with the aim of maximising total return over a rolling three year period,</del> and seeks to invest in a manner consistent with the principles of environmental, social and governance ("ESG") focused investing.</p> <p>The Fund invests at least 70% of its total assets in the fixed income transferable securities of issuers domiciled in, or exercising the predominant part of their economic activity in; <del>the Asia. In order to generate above average income the Fund will seek diversified income sources across a variety of such fixed income transferable securities.</del> Pacific region.</p> <p><del>The portfolio may include urban investment bonds<sup>1</sup> (城投债) (which is not expected to exceed 10% of the Fund's total assets). The Fund may invest in the full spectrum of available securities, including investment grade, invests no more than 20% of its total assets in non-investment grade and/or unrated securities<sup>21</sup>. Investments in high yield fixed income transferable securities are expected to represent an important part of the portfolio and may exceed, depending on market conditions, 30% of the Fund's net asset value. The currency exposure of the Fund is flexibly managed.</del></p> <p>The Fund seeks to achieve, relative to the <del>J.P. Morgan Asia Credit</del> <u>Boxx USD Asia-Pacific ex-Greater China Non-Sovereigns Investment Grade Capped Index</u> (the "<b>ESG Reporting Index</b>", which represents the Fund's investment universe and tracks US dollar-denominated fixed income securities issued by issuers in the Asia Pacific region excluding Japan), <del>(i) a higher</del> Greater China, a weighted average ESG rating after removing 20% of the lowest rated securities from absolute carbon emission contribution (scope 1 and 2 emission,<sup>2</sup> excluding green and sustainable bonds) that is 30% lower than the ESG Reporting Index, <del>and (ii) at least 30% reduction in carbon emissions intensity score. The Fund will allocate</del> <u>by allocating</u> a higher exposure to:</p> <p>(i) lower carbon emitting issuers as measured by third party data (such as Morningstar Sustainalytics, MSCI ESG Research and S&amp;P Global TruCost);</p> <p><u>green and sustainable bonds and</u></p> <p>(ii) issuers positioned to benefit from the low carbon transition; <u>and</u></p> <p>(iii) green and sustainable bonds which are defined by their corresponding proprietary methodology guided by the International Capital Markets Association Green Bond and Sustainable Bond Principles respectively.</p> <p>For the avoidance of doubt, the Fund's allocation to green and sustainable bonds is not expected to be a primary investment of the Fund.</p> <p><del>Such ESG rating will be calculated as the total of each issuer's ESG rating (where applicable), weighted by its market value. The calculation with respect to both the Fund and the ESG Reporting Index will exclude any issuer without ESG rating and be rebased accordingly.</del></p> <p>The Fund's total assets will be invested in accordance with the ESG policy described below.</p> <p><del>The Fund will invest at least 20% of its net asset value in sustainable investments as defined by the Investment Adviser having regard to applicable law and regulation and are assessed as doing no significant harm, including but not limited to "green bonds", "sustainable bonds" and "social bonds" (each as defined in the Prospectus).</del></p> <p>The Fund will apply the BlackRock EMEA Baseline Screens <del>and other exclusionary screens</del>, which means that the Investment Adviser will seek to limit and/or exclude direct investment (as applicable) in issuers which, in the opinion of the Investment Adviser, have exposure to, or ties with, certain sectors (in some cases subject to specific revenue thresholds) including but not limited to:</p> <p>(i) the production of controversial weapons;</p> <p>(ii) the distribution or production of firearms or small arms ammunition intended for retail civilians;</p> <p>(iii) the extraction of certain types of fossil fuel and/or the generation of power from them;</p> <p>(iv) the production of tobacco products or certain activities in relation to tobacco-related products; <u>and</u></p> <p>(v) issuers involved in severe controversies or who are deemed to have breached accepted global norms relating to their business practices and conduct, such as the United Nations Global Compact Principles which cover human rights, labour standards, the environment and anti-corruption;</p> <p><del>(vi) derive more than 5% of revenue from the production or distribution of palm oil;</del></p> <p><del>(vii) derive more than 5% of revenue from the ownership or operation of gambling related activities or facilities; and</del></p> <p><del>(viii) involved in the production of adult entertainment materials.</del></p>

Fund	Changes to the investment objective and policy in the KFS
	<p>The assessment of the level of involvement in each activity may be based on percentage of revenue, a defined total revenue threshold, or any connection to a restricted activity regardless of the amount of revenue received.</p> <p>The Fund's holdings of green, sustainable and social bonds may cause the Fund to gain exposure to issuers which, in turn, have exposures that are inconsistent with the exclusions described above.</p> <p><del>In selecting investments and optimizing asset allocation, the remaining issuers (i.e. those companies which have not yet been excluded from investment by the exclusionary screens as described above) are then evaluated by the Investment Adviser based on their ability to manage the ESG related risks and opportunities associated with their business practices and their ESG risk and opportunity credentials, such as their leadership and governance framework, which is considered essential for sustainable growth, their ability to strategically manage longer term issues surrounding ESG and the potential impact this may have on an issuer's financials.</del></p> <p>To undertake the above evaluation and exclusion, the Investment Adviser intends to use data generated internally by the Investment Adviser and/or its affiliates, or provided by external ESG research providers, proprietary models and local intelligence.</p> <p><del>At least 90% of the issuers of securities the Fund invests in are ESG rated or have been analysed for ESG purposes.</del></p> <p>The Fund may gain limited exposure to securities for which the exclusionary screens described above may not be applicable, or to issuers with exposures that do not meet the criteria of the exclusionary screens through, including but not limited to, derivatives, cash and near cash instruments and shares or units of collective investment schemes and debt securities issued by governments and agencies worldwide. <del>Where applicable, these investments would be subject to assessment on the associated ESG risks and opportunities.</del></p> <p>Subject to applicable regulatory restrictions and internal guidelines (including the ESG policy above), the remaining 30% of the Fund's total assets may be invested in financial instruments of companies or issuers of any size in any sector of the economy globally such as debt and other securities including money market instruments (i.e. debt securities with short-term maturities), deposits (i.e. cash) and units in collective investment schemes (i.e. other investment funds, which may be managed by one or more affiliates of the BlackRock Group) consistent with the Fund's objective, provided that no more than 10% of the Fund's total assets will be invested in equities.</p> <p>The Fund's expected total maximum investment in debt instruments with loss-absorption features, including but not limited to contingent convertible bonds, will be less than 30% 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 Fund's exposure to contingent convertible bonds is limited to <del>20</del><u>15</u>% of its total assets.</p> <p>The Fund may use derivatives for hedging, efficient portfolio management and investment purposes. The Fund may employ currency management and hedging techniques which may include hedging the currency exposure on the Fund's portfolio <del>and/or using more active currency management techniques such as currency overlays. Any active management techniques implemented by the Fund through the currency derivatives such as forward exchange contracts, currency futures and options may not be correlated with the primary underlying securities held by the Fund.</del> 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.</p> <p><del>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.</del></p> <p><sup>21</sup> Debt securities which are unrated or rated, at the time of purchase, BB+ (Standard &amp; Poor's or equivalent rating) or lower by at least one recognised rating agency (i.e. non-PRC recognised credit 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.</p> <p><sup>2</sup> Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting issuer.</p>
<b>Systematic Sustainable Global SmallCap Fund (to be renamed as "Systematic Global SmallCap Fund")</b>	<p><del>To</del>The Fund seeks to maximise total return in a manner consistent with the principles of sustainable investing. The Fund invests at least 70% of its total assets in equity securities of smaller capitalisation companies. Smaller capitalisation companies are considered companies which, at the time of purchase, form the bottom 20% by market capitalisation of global stock markets. It is expected that most of the Fund's investment will be in companies located in developed markets globally.</p> <p>The Fund will seek to deliver a weighted average ESG rating higher than the ESG rating of the MSCI ACWI Small Cap Index (the "Index", as a fair representation of the Fund's investment universe) after eliminating at least 20% of the least well rated securities from the Index, and a lower carbon emissions intensity score than its Index. Such ESG rating will be calculated as the total of each issuer's ESG rating (where applicable), weighted by its market value. The calculation with respect to both the Fund and the Index will exclude any issuer without ESG rating and be rebased accordingly.</p>

Fund	Changes to the investment objective and policy in the KFS
	<p>In order to achieve its investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. In particular, the Fund will use quantitative (i.e. mathematical or statistical) models designed and built by the Investment Adviser in order to achieve a systematic (i.e. rule based) approach to stock selection <del>subject to the ESG policy described below</del>. This means that stocks will be selected based on their expected contribution to portfolio returns when risk and transaction cost forecasts are taken into account.</p> <p><del>The Fund's total asset will be invested in accordance with the ESG policy described below.</del></p> <p><del>The Fund will apply the BlackRock EMEA Baseline Screens which means that the Investment Adviser will seek to limit and/or exclude direct investment (as applicable) in issuers which, in the opinion of the Investment Adviser, have exposure to, or ties with, certain sectors (in some cases subject to specific revenue thresholds) including but not limited to:</del></p> <ul style="list-style-type: none"> <li><del>(i) the production of controversial weapons;</del></li> <li><del>(ii) the distribution or production of firearms or small arms ammunition intended for retail civilians;</del></li> <li><del>(iii) the extraction of certain types of fossil fuel (such as thermal coal and oil sands) and/or the generation of power from them;</del></li> <li><del>(iv) the production of tobacco products or certain activities in relation to tobacco related products; and</del></li> <li><del>(v) issuers involved in severe controversies or who are deemed to have breached accepted global norms relating to their business practices and conduct, such as the United Nations Global Compact Principles which cover human rights, labour standards, the environment and anti-corruption.</del></li> </ul> <p><del>The assessment of the level of involvement in each activity may be based on percentage of revenue, a defined total revenue threshold, or any connection to a restricted activity regardless of the amount of revenue received.</del></p> <p><del>The quantitative models will then evaluate, select and allocate to equity securities of the remaining companies (i.e. those companies which have not yet been excluded from investment by the Fund) based on their ESG attributes and on forecasts of returns (including ESG return drivers), risk and transaction costs, subject to the investment constraints which optimize the Fund so that:-</del></p> <ul style="list-style-type: none"> <li><del>(a) the weighted average ESG rating and carbon emissions intensity score targets as described above are achieved; and</del></li> <li><del>(b) the Fund invests at least 20% of its net asset value in sustainable investments as defined by the Investment Adviser having regard to applicable law and regulation and which are assessed as doing no significant harm.</del></li> </ul> <p><del>To undertake this evaluation, the Investment Adviser may use data provided by external ESG Providers, proprietary models and local intelligence and may undertake site visits. The Investment Adviser may also consider additional factors relating to good governance in its evaluation of the sustainability related characteristics of underlying issuers depending on the particular ESG strategy applicable to the Fund.</del></p> <p><del>The Fund may gain limited exposure to securities for which the exclusionary screens described above may not be applicable, or to issuers with exposures that do not meet the criteria of the exclusionary screens through, including but not limited to, derivatives, cash and near cash instruments and shares or units of collective investment schemes and debt securities issued by governments and agencies worldwide. Where applicable, these investments would be subject to assessment on the associated ESG risks and opportunities.</del></p> <p>The Fund may also invest in emerging markets (such as Brazil, South Africa and South Korea).</p> <p>Subject to applicable regulatory restrictions and internal guidelines <del>(including the ESG policy above)</del>, the remaining 30% of the Fund's total net asset value may be invested in financial instruments of companies or issuers of any size in any sector of the economy globally such as equity securities consistent with the Fund's objective and cash.</p> <p><u>The Fund will invest in a manner consistent with the principles of sustainable investing. The Fund will apply the BlackRock EMEA Baseline Screens and seeks to invest in Sustainable Investments (as described in the Prospectus). The Investment Adviser intends the Fund to have a lower carbon emissions intensity score than MSCI ACWI Small Cap Index.</u></p> <p>The Fund's expected total maximum investment in debt instruments with loss-absorption features, including but not limited to contingent convertible bonds, will be less than 30% 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).</p> <p>The Fund may use derivatives for hedging, efficient portfolio management and investment purposes. The Fund may employ currency management and hedging techniques which may include hedging the currency exposure on the Fund's portfolio and/or using more active currency management techniques such as currency overlays. Any active management techniques implemented by the Fund through the currency derivatives such as forward exchange contracts, currency futures and options may not be correlated with the primary underlying securities held by the Fund.</p>

Fund	Changes to the investment objective and policy in the KFS
<p><b>Systematic Global Sustainable Income &amp; Growth Fund (to be renamed as "Systematic Global Income &amp; Growth Fund")</b></p>	<p>The Fund seeks to provide income and capital growth from its investments in a manner consistent with the principles of environmental, social and governance ("ESG") focused investing.</p> <p>The Fund will seek to achieve its investment objective by investing globally, directly and indirectly, (including via investing up to 100% of the Fund's net asset value in units of collective investment schemes ("CIS")), in the full spectrum of permitted investments including on average, typically two thirds of its total assets in equities and one third of its total assets in fixed income transferable securities (also known as debt securities which may include the Fund investing up to 20% of its total assets in some high yield fixed income transferable securities<sup>1</sup>), as well as investing in cash, deposits and money market instruments.</p> <p>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 SFC<sup>2</sup> or in eligible schemes domiciled in Luxembourg, Ireland and/or the United Kingdom (whether authorised by the SFC or not). It is expected that the underlying CIS would be actively managed funds managed by one or more affiliates of the BlackRock Group.</p> <p><u>The Investment Adviser intends the Fund to have a lower carbon emissions intensity score (measured by the estimated greenhouse gas (scope 1 and scope 2)<sup>3</sup> emissions per \$1 million of sales revenue across the Fund's holdings) by at least 30% relative to a composite benchmark comprising 33.3% MSCI World Minimum Volatility Index, 33.3% MSCI All Country World Index, 16.7% BBG Global Aggregate Corporate Index and 16.7% BBG Global High Yield Corp ex Emerging Markets Index Hedged in USD (the "Index") (which are representative indices illustrating the Fund's intended exposures to equity and fixed income securities as stated above).</u></p> <p><del>The Investment Adviser will also create a portfolio that seeks to deliver a superior ESG outcome versus a composite benchmark comprising 33.3% MSCI World Minimum Volatility Index, 33.3% MSCI All Country World Index, 16.7% BBG Global Aggregate Corporate Index and 16.7% BBG Global High Yield Corp ex Emerging Markets Index Hedged in USD (the "Index") (which are representative indices illustrating the Fund's intended exposures to equity and fixed income securities as stated above) where the weighted average ESG score of the Fund will be higher than that of the Index after eliminating at least 20% of the least well rated securities from the Index, and the Fund will have a carbon emissions intensity score that is lower than the Index.</del> Such ESG score will be calculated as the total of each issuer's ESG score (looked through and aggregated at the underlying issuer level for investments in the underlying CIS), weighted by its market value. The calculation with respect to both the Fund and the Index will exclude any issuer without ESG score and be rebased accordingly.</p> <p>In order to achieve its investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. In particular, the Fund will use quantitative (i.e. mathematical or statistical) models designed and built by the Investment Adviser in order to achieve a systematic (i.e. rule based) approach to security selection subject to the ESG policy described below.</p> <p>The Fund's total assets will be invested in accordance with the ESG policy described below.</p> <p>The Fund will apply the BlackRock EMEA Baseline Screens, which means that the Investment Adviser will seek to limit and/or exclude direct investment (as applicable) in issuers which, in the opinion of the Investment Adviser, have exposure to, or ties with, certain sectors (in some cases subject to specific revenue thresholds) including but not limited to:</p> <ul style="list-style-type: none"> <li>(i) the production of controversial weapons;</li> <li>(ii) the distribution or production of firearms or small arms ammunition intended for retail civilians;</li> <li>(iii) the extraction of certain types of fossil fuel and/or the generation of power from them;</li> <li>(iv) the production of tobacco products or certain activities in relation to tobacco-related products; and</li> <li>(v) companies involved in severe controversies or who are deemed to have breached accepted global norms relating to their business practices and conduct, such as the United Nations Global Compact Principles which cover human rights, labour standards, the environment and anti-corruption.</li> </ul> <p>The assessment of the level of involvement in each activity may be based on percentage of revenue, a defined total revenue threshold, or any connection to a restricted activity regardless of the amount of revenue received.</p> <p>The quantitative models will then evaluate, select and allocate to securities of the remaining companies (i.e. those companies which have not yet been excluded from investment by the BlackRock EMEA Baseline Screens) based on their ESG attributes (e.g. carbon emissions, employee diversity, social policies and carbon efficiency) and on forecasts of returns (including ESG return drivers, e.g. risk mitigation, human capital, societal impact and environmental transition), risk and transaction costs, subject to the investment constraints which optimize the portfolio so that:</p> <ul style="list-style-type: none"> <li>(a) the weighted average ESG score and carbon emissions intensity score targets as described above are achieved; and</li> <li>(b) the Fund invests at least 20% of its net asset value in sustainable investments as defined by the Investment Adviser having regard to applicable law and regulation and which are assessed as doing no significant harm.</li> </ul>

Fund	Changes to the investment objective and policy in the KFS
	<p>To undertake the above evaluation, the Investment Adviser may use data provided by external ESG providers, proprietary models and local intelligence and may undertake site visits.</p> <p>At least 90% of the issuers of securities the Fund invests in are ESG rated or have been analysed for ESG purpose.</p> <p>The Fund may gain limited exposure to securities for which the exclusionary screens described above may not be applicable, or to issuers with exposures that do not meet the criteria of exclusionary screens through, including but not limited to, derivatives, cash and near cash instruments and shares or units of CIS and debt securities issued by governments and agencies worldwide. Where applicable, these investments would be subject to assessment on the associated ESG risks and opportunities.</p> <p>The Fund will not be subject to prescribed country or regional limits and although it is likely that most of the Fund's investments will be in companies located in developed markets globally, the Fund may also invest in emerging markets.</p> <p>The Fund's expected total maximum investment in debt instruments with loss-absorption features, including but not limited to contingent convertible bonds, will be less than 30% 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).</p> <p>The Fund may use derivatives for hedging, efficient portfolio management and investment purposes.</p> <p><sup>1</sup> Debt securities which are unrated or rated, at the time of purchase, BB+ (Standard and 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.</p> <p><sup>2</sup> 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.</p> <p><sup>3</sup> <u>Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting issuer.</u></p>
China Onshore Bond Fund	<p><del>The Fund seeks to maximise total return in a manner consistent with the principles of environmental, social and governance ("ESG") focused investing. The Fund invests at least 70% of its total assets in fixed income transferable securities denominated in RMB issued by entities exercising the predominant part of their economic activity and issued onshore in the PRC (through recognised mechanisms including (but not limited to) the Chinese Interbank Bond Market, the exchange bond market, quota system and/or through onshore issuances and/or any future developed channels). The 70% ratio above may include, on a temporary basis and for liquidity management purposes the holding of cash and near cash instruments.</del></p> <p><del>The Fund seeks to achieve better ESG outcomes compared to the investable universe by increasing exposure to ESG outperformers and reducing exposure to ESG laggards (as further described below in the ESG policy). The onshore investable universe is represented by the ChinaBond Credit Bond Index modified to include certificate of deposits and exclude issuers with total outstanding bonds and certificates of deposits of less than RMB 2 billion. The Investment Adviser believes this modification fairly represents the asset class' liquid investable universe. The offshore market is represented by the JP Morgan Asia Credit Index – China, where the Fund's investment in offshore issues is limited to up to 30% of its net asset value.</del></p> <p>The Fund's total assets will be invested in accordance with the ESG policy described below.</p> <p>The Fund will invest at least 20% of its net asset value in "green bonds", "sustainable bonds" and "social bonds" (each as defined in the Prospectus).</p> <p>The ESG investment strategy reduces the investable universe of the Fund by at least 20% by reducing exposure to ESG laggards through:</p> <p>(i) <del>applying the BlackRock EMEA Baseline Screens which means that the Investment Adviser will seek to limit and/or exclude direct investment (as applicable) in issuers which, in the opinion of the Investment Adviser, have exposure to, or ties with, certain sectors (in some cases subject to specific revenue thresholds) including but not limited to:</del></p> <p><del>(a) the production of controversial weapons;</del></p> <p><del>(b) the distribution or production of firearms or small arms ammunition intended for retail civilians;</del></p> <p><del>(c) the extraction of certain types of fossil fuel (such as thermal coal and oil sands) and/or the generation of power from them;</del></p> <p><del>(d) the production of tobacco products or certain activities in relation to tobacco-related products; and</del></p> <p><del>(e) issuers involved in severe controversies or who are deemed to have breached accepted global norms relating to their business practices and conduct, such as the United Nations Global Compact Principles which cover human rights, labour standards, the environment and anti corruption.</del></p>



Fund	Changes to the investment objective and policy in the KFS
	<p><del>(ii) excluding the worst ESG performers (i.e. issuers with the worst ESG scores as evaluated by the Investment Adviser) using a BlackRock ESG framework leveraging data from external ESG providers and/or internal research.</del></p> <p><del>In selecting investments and optimizing asset allocation, the remaining companies (i.e. those companies which have not yet been excluded from investment by the Fund) are then evaluated by the Investment Adviser based on their ability to manage the ESG related risks and opportunities associated with their business practices and their ESG risk and opportunity credentials, such as their leadership and governance framework, which is considered essential for sustainable growth, their ability to strategically manage longer term issues surrounding ESG and the potential impact this may have on a company's financials.</del></p> <p><del>To undertake this evaluation, the Investment Adviser may use data provided by external ESG providers, proprietary models and local intelligence and may undertake site visits.</del></p> <p><del>More than 90% of the issuers of securities the Fund invests in are ESG rated or have been analysed for ESG purposes.</del></p> <p><del>The Fund may gain limited exposure to securities for which the exclusionary screens described above may not be applicable, or to issuers with exposures that do not meet the criteria of the exclusionary screens through, including but not limited to, derivatives, cash and near cash instruments and shares or units of collective investment schemes and debt securities issued by governments and agencies worldwide. Where applicable, these investments would be subject to assessment on the associated ESG risks and opportunities.</del></p> <p><del>Subject to applicable regulatory restrictions and internal guidelines (including the ESG policy above), the remaining 30% of the Fund's total assets may be invested in financial instruments of companies or issuers of any size in any sector of the economy globally such as debt and other securities consistent with the Fund's objective.</del></p> <p>The Fund may invest without limit in the PRC through any of the following individual means: (1) the QFI regime and (2) in the Chinese Interbank Bond Market ("<b>CIBM</b>") via (i) the Foreign Access Regime and/or (ii) Bond Connect and/or (iii) other means as may be permitted by the relevant regulations from time to time. The Fund may invest in the full spectrum of permitted fixed income transferable securities and fixed income related securities, including urban investment bonds* (城投债) (up to 100% of total assets, expected exposure to be 20% to 50% of total assets) and non-investment grade** (limited to no more than 50% of total assets).</p> <p>It is not anticipated that the Fund will invest more than 10% of its net asset value in debt securities issued and/or guaranteed by any single sovereign currently rated non-investment grade**.</p> <p><u>Subject to applicable regulatory restrictions and internal guidelines, the remaining 30% of the Fund's total assets may be invested in financial instruments of companies or issuers of any size in any sector of the economy globally such as debt and other securities consistent with the Fund's objective.</u></p> <p><u>The Fund will invest in a manner consistent with the principles of environmental, social and governance ("<b>ESG</b>") focused investing and in accordance with the ESG policy described in the Prospectus.</u></p> <p>The Fund's expected total maximum investment in debt instruments with loss-absorption features, including but not limited to contingent convertible bonds, will be less than 30% 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 Fund's exposure to contingent convertible bonds is limited to 20% of its total assets.</p> <p>The Fund may use derivatives for hedging, efficient portfolio management and investment purposes. The Fund may employ currency management and hedging techniques which may include hedging the currency exposure on the Fund's portfolio and/or using more active currency management techniques such as currency overlays. Any active management techniques implemented by the Fund through the currency derivatives such as forward exchange contracts, currency futures and options may not be correlated with the primary underlying securities held by the Fund.</p> <p>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.</p> <p>* Urban investment bonds are debt instruments issued by local government financial vehicles ("<b>LGFVs</b>") 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.</p> <p>** Debt securities which are unrated or rated, at the time of purchase, BB+ (Standard &amp; Poor's or equivalent rating) or lower by at least one recognised rating agency (i.e. non-PRC recognised credit 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.</p>