

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 Strategic 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 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 fund names.

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, we 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).<sup>1</sup>

Similarly, for funds using terms like "Social", "Governance" and "Transition" in their names, we 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 have 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, we will be amending the fund name. To reflect this client feedback while adhering to the new guidelines, these funds will not maintain ESG or sustainability-related terms in the 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 Paris-aligned Benchmark 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 the Funds' ESG criteria.



The board of directors (together the “Board” or the “Directors”) of BlackRock Strategic Funds (the “Company”) is therefore writing to notify you that certain sub-funds of the Company (the “Funds”) will evolve to meet the new guidelines, effective from 17 April 2025.

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

In addition to the changes related to the implementation of the new guidelines (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 <https://www.blackrock.com/corporate/compliance/esma-fund-naming-shareholder-notifications>.

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](http://www.blackrock.com)).

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

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

#### ***Changes to the statement of investment objectives and policy of the Funds***

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, 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.

Funds	Commitments from the Effective Date
<b>BlackRock Sustainable Fixed Income Credit Strategies Fund (to be renamed “BlackRock ESG Fixed Income Credit Strategies Fund”),</b>  <b>BlackRock Sustainable Fixed Income Strategies Fund (to be renamed “BlackRock ESG Fixed Income Strategies Fund”).</b>	<p>The investment objectives and policies of the Funds have been amended to:</p> <ul style="list-style-type: none"> <li>(i) Provide that the Funds will apply the PAB Exclusions, pursuant to the implementation of the ESMA Guidelines recommendations;</li> <li>(ii) Increase their minimum proportion of investments used to meet E/S Characteristics or sustainable investment objective from 70% to 80%.</li> </ul> <p>The Funds will continue to be considered as promoting environmental characteristics within the meaning of Article 8 under the SFDR and updated applicable PCDs will be made available as from the Effective Date under Appendix H of the prospectus in compliance with applicable regulatory requirements.</p>
<b>BlackRock Sustainable Euro Bond Fund (to be renamed “BlackRock ESG Euro Bond Fund”),</b>  <b>BlackRock Sustainable Euro Short Duration Bond Fund (to be renamed “BlackRock ESG Euro Short Duration Bond Fund”),</b>  <b>BlackRock Sustainable Euro Corporate Bond Fund (to be renamed “BlackRock ESG Euro Corporate Bond Fund”).</b>	<p>The investment objectives and policies of the Funds have been amended to provide that the Funds will apply the PAB Exclusions, pursuant to the implementation of the ESMA Guidelines recommendations.</p> <p>The Funds will continue to be considered as promoting environmental characteristics within the meaning of Article 8 under the SFDR and updated applicable PCDs will be made available as from the Effective Date under Appendix H of the prospectus in compliance with applicable regulatory requirements.</p>

#### ***Change of Funds’ names***

Following the publication of the ESMA Guidelines, the name of the following Funds will be updated as follows:

- (i) from “BlackRock Sustainable Euro Bond Fund” to “BlackRock ESG Euro Bond Fund”;
- (ii) from “BlackRock Sustainable Euro Corporate Bond Fund” to “BlackRock ESG Euro Corporate Bond Fund”;
- (iii) from “BlackRock Sustainable Euro Short Duration Bond Fund” to “BlackRock ESG Euro Short Duration Bond Fund”;
- (iv) from “BlackRock Sustainable Fixed Income Credit Strategies Fund” to “BlackRock ESG Fixed Income Credit Strategies Fund”;
- (v) from “BlackRock Sustainable Fixed Income Strategies Fund” to “BlackRock ESG Fixed Income Strategies Fund”; and

(vi) from "BlackRock Systematic ESG World Equity" to "BlackRock Systematic World Equity".

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

#### **Fee Impact of the ESMA-related Changes**

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

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

In addition to the changes made for implementing the ESMA Guidelines described above, the Shareholders are informed of the additional changes to the Funds that are not related to the ESMA Guidelines as addressed in this second section.

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

The section "Important Notice" has been 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 Funds' Investment Objectives and Policies section***

##### ***Changes to the (i) BlackRock Emerging Markets Flexi Dynamic Bond Fund, and (ii) BlackRock Emerging Markets Short Duration Bond Fund***

The Investment Adviser has decided to increase the maximum limit of investment in distressed securities from 10% to 15% as a result of the structural changes in the asset class landscape. Such change will entitle the Investment Adviser to ensure flexibility for active management of the Funds.

##### ***Changes to the (i) BlackRock Sustainable Fixed Income Strategies Fund, and (ii) BlackRock Sustainable Fixed Income Credit Strategies Fund***

The Investment Adviser has decided to increase the maximum limit of investment in total return swaps ("TRS") from 10% to 50% and the expected limit of investment in TRS from 3% to 15%. Such change will allow the Investment Adviser to seize greater investment opportunities and ensure flexibility for active management of the Funds.

As a result of these changes, the "Proportions of Fund property subject to SFTs" section has hence been amended to reflect the new percentage of TRS the Funds can use.

The risk profile and leverage level of the Funds will not change as a result of this change.

##### ***Changes to the BlackRock Systematic Global Equity Absolute Return Fund***

To allow the Fund to seize greater investment opportunities, the Investment Adviser has decided to increase (i) the maximum limit of investment in TRS from 500% to 800%, (ii) the expected limit of investment in TRS from 350% to 600%, and the (iii) the expected leverage level from 500% to 650% of the Fund's Net Asset Value.

The Investment Adviser believes that these changes will allow a better use of derivative instruments to hedge out unwanted risks. Being able to increase the use of derivatives and TRS will also help to effectively manage market volatility and risks in a very timely manner that benefits the Shareholders. The increase of the level of leverage does not necessarily lead to higher risks.

In addition to the above, the Investment Adviser has decided to launch the S and SR Performance Fee share classes into the Fund, the characteristics and pricing of which are specified in the Prospectus.

##### ***Changes to the BlackRock Emerging Markets Short Duration Bond Fund***

The Investment Adviser has decided to introduce the 3 Month SOFR compounded in arrears as an additional comparator benchmark for the Fund. Investors shall use both the 3 Month SOFR and the JP Morgan EMBI Global Diversified 1-3 year Index to compare the Fund's performance.

#### ***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>.

***Changes to the Board of Directors section***

The section "Board of Directors" will be amended to reflect that Mr. Benjamin Gregson has been appointed as director of the Company since 19 June 2024.

***Changes 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.

**Costs**

The amendments described in this letter will not result in any increase to the fees and expenses borne by the Funds and/or its Shareholders. 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.

**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 four (4) weeks following the date of this letter and at any time prior to the Effective Date, in accordance with the provisions of the Prospectus.

If you have any questions regarding the redemption process, please contact your local representative or the Investor Services Team (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.

**General Information**

Updated versions of the Prospectus will be available to download from our website (<https://www.blackrock.com/>) and in hard copy format free of charge from the Effective Date. Copies of the Company's articles of incorporation, annual and semi-annual reports are also available from our website and free of charge upon request from your local representative or the Investor Services Team at: [Investor.services@blackrock.com](mailto:Investor.services@blackrock.com), telephone: 00 44 (0)207 743 3300.

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

Yours faithfully



**Denise Voss**  
Chairwoman