

FOR PROFESSIONAL CLIENTS AND
QUALIFIED INVESTORS ONLY



BLACKROCK®



Please note that the Fund typically has a risk of high volatility.

BlackRock Emerging Markets Equity Strategies Fund

A sub-fund of BlackRock Strategic Funds (BSF)

Emerging Markets (EM) continue to be a proxy to global growth and can offer attractive investment opportunities. We see economic recovery across EMEA, Asia and Latin America in EM and we believe the fundamentals remain positive: company revenues in EM are expanding fuelled by improving global activity and key reforms are starting to bear fruit in multiple countries. Equity valuations have recently increased and passed the mid-cycle point but remain supportive compared to their historic levels and to most developed markets. Investor positioning is still low, which creates further upside opportunities in EM equities.

RISK: Emerging market investments are usually associated with higher investment risk than developed market investments. Therefore the value of these investments may be unpredictable and subject to greater variation.

The BSF Emerging Markets Equity Strategies Fund is designed to provide investors with a long-biased exposure to EM equities whilst taking advantage of the shifting dynamics. The Fund has a wider toolkit to capture insights from top-down macroeconomic research and bottom-up fundamental analysis. In addition, the Fund aims to generate alpha from special situations, short positioning and exposure to emerging markets via developed market companies. The Fund aims to capture EM volatility efficiently to deliver high alpha relative to the MSCI Emerging Markets Index over a market cycle.

Reasons to invest

1 Dynamic long-bias exposure to emerging markets

With a very diverse asset class, we believe a wider toolkit is needed to tackle this market successfully. The Fund has a long bias to global emerging markets exposure. We aim to maximise returns by assuring alignment of bottom-up and top-down views, utilising our proprietary macro process to navigate EM volatility.

RISK: Derivative strategies, such as short-selling and leverage, can increase the level of risk in a fund.

2 Flexible and unconstrained approach

The Fund is flexible in style and has the ability to short and employ leverage on a limited basis, allowing for alpha generation from trades of both positive and negative conviction.

RISK: Even the most rigorous of investment processes cannot guarantee positive returns.

3 High-conviction portfolio to generate maximum alpha

An experienced team with a successful track record. Our approach is benchmark-agnostic allowing for the expression of longer-term, high-conviction country and sector views without having to react to short-term volatility. Even with the team's demonstrable experience, proven track record and high-conviction approach, performance cannot be guaranteed.

RISK: Even with the team's experience and track record, performance cannot be guaranteed.

Capital at risk. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher-volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

blackrock.com

70-130%

Net exposure range

30%

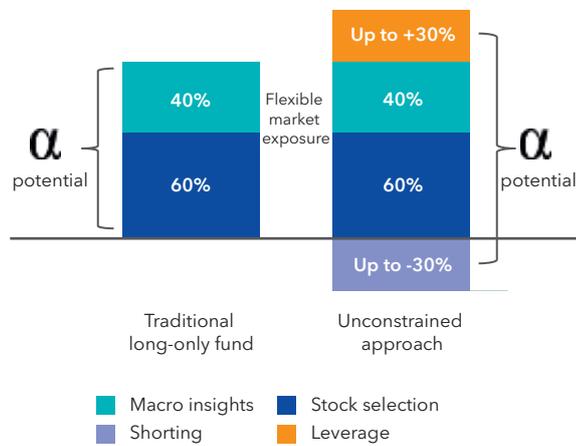
Short up to 30%

~4,000

Meetings annually

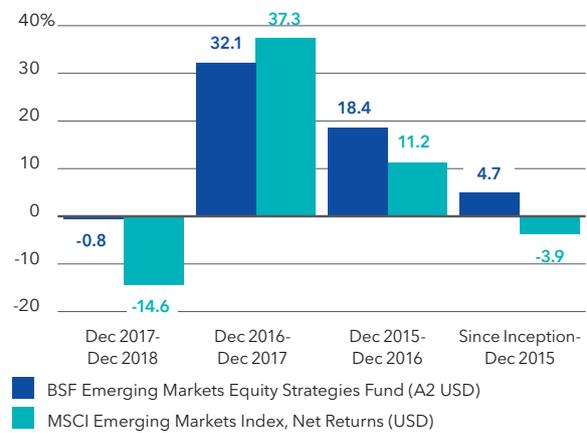
Source: BlackRock, as at end December 2018.

Why consider unconstrained investing?



For illustrative purposes only.

Performance as at end December 2018 (net, in USD)



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

Source: BlackRock, as at end December 2018.

Performance figures are calculated net of annual fees in USD on a NAV price basis with income reinvested. Inception date of the fund is 18 September 2015.

Who should consider this fund?



The Fund could appeal to investors:

- Looking to increase total return potential over the long term through deliberate and flexible volatility management combined with the potential to deliver outperformance relative to the benchmark.
- Seeking to capture the growth potential of emerging market economies through a differentiated, pragmatic approach.

RISK: Investors must ensure the strategy selected is suitable for their needs and note that investment strategies do not always succeed against their stated objectives.

Why BlackRock for emerging markets?



- **Deep resources:** BlackRock's Global Emerging Market equity platform employs a holistic approach to investing in the companies of developing countries. The research engine is designed to generate insights through combining macroeconomic research and fundamental company analysis. The team is able to leverage the extensive resources of BlackRock's global network of investment professionals. Connectivity across equity, fixed income and multi-asset platforms provides a range of perspectives to substantiate investment theses.
- **Extensive global network:** Through years of experience, the team has established a broad global network throughout the emerging market landscape. This network helps the team conduct, on average, approximately 4,000 meetings every year. As well as meeting with company management they also enjoy high-level diplomatic, political and corporate access. They scrutinise opportunities further through meetings with customers, competitors and suppliers in order to establish a 360° view of the environment in which a company operates.
- **World-renowned risk management:** Our approach is underpinned by Aladdin®, BlackRock's proprietary and risk and investment management platform to ensure portfolio risk is deliberate, diversified and appropriately scaled.

RISK: Though scale, reach and experience, combined with a specialist risk management system, have the ability to deliver the optimum risk/return profile for the Fund's objectives, this cannot be guaranteed.



Sam Vecht, CFA
Managing Director
and Portfolio Manager



Gordon Fraser, CFA
Director
and Portfolio Manager

Risks

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

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

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

Fund-specific risks

Exchange rate risk. Overseas investment will be affected by movements in currency exchange rates.

Emerging market risk. Emerging market investments are usually associated with higher investment risk than developed market investments. Therefore the value of these investments may be unpredictable and subject to greater variation.

Complex derivative techniques. The strategies utilised by the Fund involve the use of derivatives to facilitate certain investment management techniques including the establishment of both 'long' and 'synthetic short' positions and creation of market leverage for the purposes of increasing the economic exposure of a fund beyond the value of its net assets. The use of derivatives in this manner may have the effect of increasing the overall risk profile of the funds. Investors in this Fund should understand that the Fund is not guaranteed to produce a positive return and as an absolute return product, performance may not move in line with general stock market trends as both positive and negative share movements affect the overall value of the Fund. The Manager employs a risk management process to oversee and manage derivative exposure within the Fund.

Interest rate risk. The Fund invests in fixed interest securities such as corporate or government bonds which pay a fixed or variable rate of interest (also known as the 'coupon') and behave similarly to a loan. These securities are therefore exposed to changes in interest rates which will affect the value of any securities held.

Liquidity risk. The Fund's investments may have low liquidity which often causes the value of these investments to be less predictable. In extreme cases, the Fund may not be able to realise the investment at the latest market price or at a price considered fair.

Emerging market debt (sovereign debt). Certain developing countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations (sovereign debt) issued or guaranteed by developing governments or their agencies involve a high degree of risk.

Credit risk (ICS). The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

Important information

Unless indicated, the fund information displayed only provides summary information. Investment should be made on the basis of the relevant booklet together with the Prospectus and Key Investor Information Document, which are available from the Manager. Reference to individual investments mentioned in this communication is for illustrative purposes only and should not be construed as investment advice or investment recommendation. The number of shares quoted for each fund are indicative and actual numbers may fall outside of the ranges shown. This material is for distribution to Professional Clients (as defined by the FCA or MiFID Rules) and Qualified Investors only and should not be relied upon by any other persons. Issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London EC2N 2DL. Tel: 020 7743 3000. Registered in England No. 2020394. For your protection telephone calls are usually recorded. BlackRock is a trading name of BlackRock Investment Management (UK) Limited.

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Want to know more?

 blackrock.com
blackrock.nl

 investor.services@blackrock.com
benelux@blackrock.com

 +44 (0)20 7743 3300
+31 (0)20 5495 200

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