

# Global equities fund linked to the drive for a lower carbon economy



## BGF Circular Economy Fund

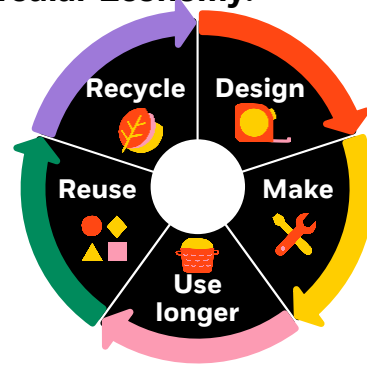
### From a linear consumption model to a Circular Economy:

**Linear consumption** is an unsustainable model



**Circular: Reduce > Reuse > Recycle**

1. Redesign products and systems to minimise waste
2. Enable greater recycling
3. Reuse of materials



### How does the Fund invest?

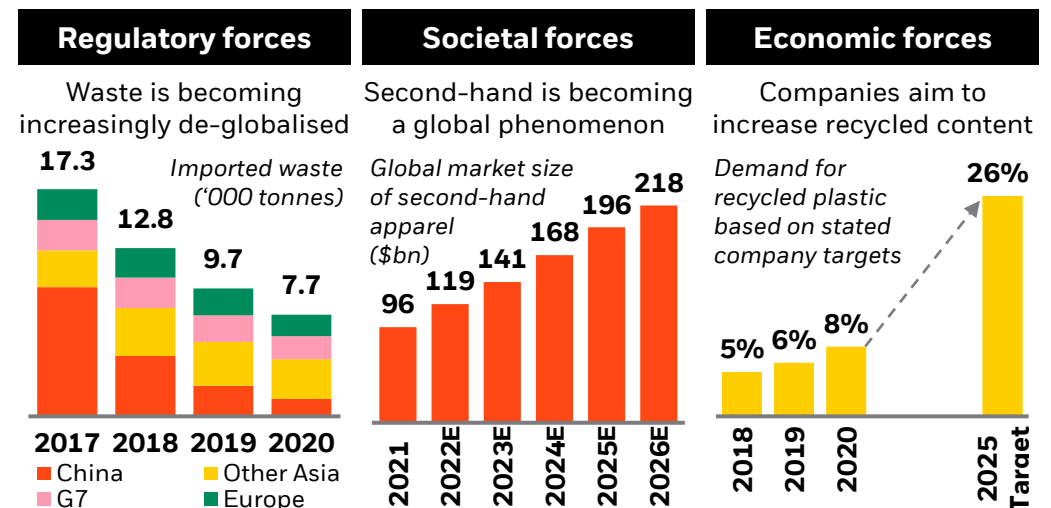
Adopters	Beneficiaries	Enablers
Companies adopting 'circularity' in their business in a way that is meaningful and earnings positive	Companies with alternatives to materials that cannot be recycled, plus waste and recycling infrastructure	Companies providing solutions aimed at solving inefficient material use
<b>Focus area: Plastics</b>		
 <b>EUROPACIFIC PARTNERS</b>		
100% packaging recyclable or reusable by 2025	100% waste management services	100% revenues from enzymatic recycling process

### Why invest in the Fund?

<b>Diversification</b> Uniquely diversified, cross-sector, global equities portfolio benefiting from the move to decarbonise the global economy	<b>Thematic exposure</b> Faster than expected earnings growth that can drive outperformance over the long run	<b>Positive impact</b> US\$4.5tn opportunity Presents huge potential for global economic growth and lead society to a more sustainable future
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Source: United Nations Environment Programme, February 2021.

### Major forces driving the shift towards a circular economy



Source: BlackRock, Aug 2023. For illustrative purposes only. The above mentioned companies are examples within the top 3 holdings in each category and are potential adopters, beneficiaries, and enablers of a circular economy for plastics. BlackRock has not acquired any rights or license to reproduce the trademarks, logos, and images set out in this document. The trademarks, logos, and images set out in this document are used only for the purposes of this placemat.

Sources (left to right): UN Comtrade data, 30 Sep 2021; ThredUp Fashion Resale Market and Trend Report 2022, 17 May 2022; EMF Progress Report, Nov 2022. Any projections are illustrative in nature and do not express a forecast or recommendation.

## Key facts



**Evy Hambro**

Portfolio Manager

**25 years' experience**



**Olivia Markham**

Portfolio Manager

**16 years' experience**



**Sumana Manohar**

Portfolio Manager

**11 years' experience**

**Share classes:** A5G SGD-H A2 USD A2 EUR A2 AUD-H A2 CAD-H A2 CNH-H A2 EUR-H A2 NZD-H A2 SGD-H

**Bloomberg tickers:** BGCIASG BGBCEAU BGBCEAE BGBCEAA BGBCEAC BGBCEAH BGBCEEH BGBCEAN BGBCEAS

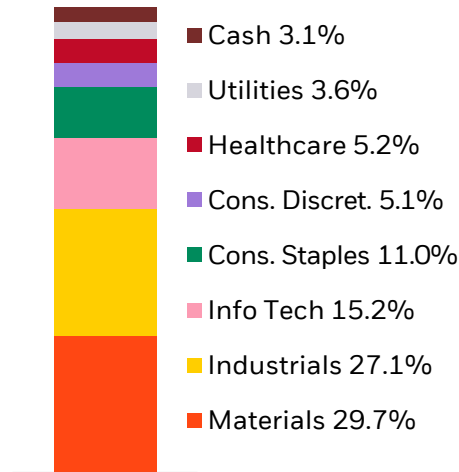
<b>Launched:</b>	2 October 2019	<b>Management fee:</b>	1.50% p.a.	<b>3Y volatility:</b>	20.25% p.a.
<b>Fund size:</b>	US\$1.66 billion	<b>Other ongoing costs:</b>	0.31% p.a.	<b>Equity beta<sup>2</sup>:</b>	0.94
<b>SFDR classification:</b>	Article 9	<b>No. of holdings:</b>	43	<b>UN SDG alignment<sup>3</sup>:</b>	>90% of the fund NAV

Source: BlackRock, as of 31 Aug 2023. A2 refers to accumulating classes; "-H" denotes currency hedged class.

Companies in the **below six areas** are well positioned to drive decarbonisation efforts:

<p><b>Plastic</b></p> <p>Paper/aluminium waste managers, bioplastics, chem recycling, rPET</p>	<p><b>Fashion</b></p> <p>Re-sale/rentals, recycled fibres, mono-materials, RFID, traceability</p>	<p><b>Building materials</b></p> <p>Durability, recycled inputs, demolition waste, insulation</p>
<p><b>Materials</b></p> <p>EV battery, data centres, steel scrap, e-waste, lightweighting</p>	<p><b>Equipment</b></p> <p>Modular design, as-a-service models, rentals, refurbishment</p>	<p><b>Food/ water</b></p> <p>Water treatment, efficiency, recycling Composting, biofuels, shelf-life</p>

## GICS sector breakdown



## Ratings<sup>1</sup>

**Morningstar Medalist**



**MSCI**  
ESG RATINGS



CCC B BB BBB A AA AAA

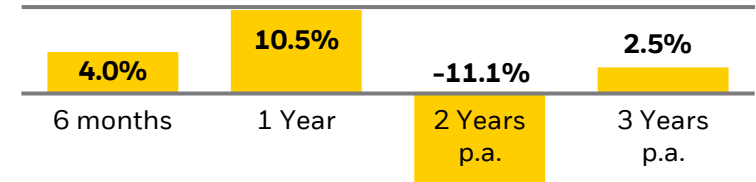
**Morningstar Sustainability™**



## Top 10 holdings

Company	% of Fund	Investment theme	Circular classification
Microsoft	4.3%	Materials	Adopter
Republic Services	3.9%	Plastic	Beneficiary
Coca-Cola Europacific	3.7%	Plastic	Adopter
Veolia Environ	3.6%	Plastic	Beneficiary
Ecolab	3.1%	Food	Enabler
Xylem	3.1%	Food	Enabler
UPM-Kymmene	3.0%	Plastic	Enabler
SIG	3.0%	Plastic	Enabler
CRH	3.0%	Building	Adopter
Avery Dennison	3.0%	Fashion	Enabler

## Fund returns (USD A2 class)



## Important disclosures

Sources: BlackRock, Morningstar, MSCI, as of 31 Aug 2023. <sup>1</sup>USD A2 class. Medalist Rating attained 30 Jun 2023. <sup>2</sup>3 Year monthly beta to MSCI World Index. <sup>3</sup>This includes companies that have made clear steps to align themselves with one or more of the United Nations (UN) Sustainable Development Goals (SDGs). Performance for A2 share class, net in USD on a NAV pricing with income reinvested as at end August 2023 and assumed a 5% Front End Load where indicated. Past performance is not necessarily indicative of future performance. **The Fund's performance with maximum 5% sales charge applied: -1.24% (6M), 4.9% (1Y), -13.3% (2Y), 0.76% (3Y).**

# Risk warnings

**Capital at risk.** The value of investments and the income from them can fall as well as rise and are not guaranteed. The investor may not get back the amount originally invested. All investments involve risks and may lose value. 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.

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## Fund specific risks of the BGF Circular Economy Fund

Due to the criteria applied during stock selection to meet the definition of Circular Economy, the range of companies the fund can invest in may be less diversified than a typical fund. Circular Economy companies may be subject to environmental concerns, taxes, government regulation, price, supply and competition. Investors should consider this fund as part of a broader investment strategy.

### Emerging Markets

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

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The Fund may use or invest in financial derivatives.

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