

## IMPORTANT INFORMATION

**This document is important and requires your immediate attention.**

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

11 August 2023

Dear Shareholder

**BlackRock Systematic ESG Equity Absolute Return Fund**  
**ESG policy enhancement**  
**ISINs - See Appendix 1**

BlackRock continually reviews its fund ranges to ensure that the investment characteristics and positioning of its funds remain both relevant to and consistent with the current investment environment and expectations of our clients.

The board of directors (the “**Directors**”) of BlackRock Funds I ICAV (the “**ICAV**”) is therefore writing to advise you of changes that will be made to the BlackRock Systematic ESG Equity Absolute Return Fund (the “**Sub-Fund**”).

Unless otherwise indicated, the changes set out in this letter will take effect from 12 September 2023 (the “**Effective Date**”) and this letter forms notice to Shareholders of the facts set out below.

Terms not defined herein shall have the same meaning as set out in the Prospectus dated 29 December 2022 (available at [www.Blackrock.com](http://www.Blackrock.com)).

**Enhancements to the environmental, social and governance (“ESG”) policy of the Sub-Fund**

Under the Sustainable Finance Disclosures Regulation (SFDR) the Sub-Fund is categorised as an Article 8 fund, i.e. a fund that promotes environmental and/or social characteristics provided that the companies in which investments are made follow good governance practices.

The changes proposed in this letter, as set out in the second appendix to this letter, seek to better align the Sub-Fund with the expectations of the Sub-Fund's Shareholders to ongoing developments within the asset management sector.

It is now proposed to update the Sub-Fund's ESG policy to additionally disclose the following:

- The Investment Manager intends the long exposures of the Sub-Fund to have a higher ESG score than the short exposures of the Sub-Fund.

**1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83, Ireland | [www.blackrock.co.uk](http://www.blackrock.co.uk)**

BlackRock Funds 1 ICAV

Registered Office: 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, D02 RK57, Ireland.

Directors: Barry O'Dwyer (Chair); Tom McGrath; Nicola Grenham; Becky Tilston Hales (UK).

BlackRock Funds 1 ICAV is an umbrella fund with segregated liability between funds authorised and regulated by the Central Bank of Ireland.

- The Investment Manager intends the unlevered long and synthetic long exposures of the Sub-Fund to have a 30% lower carbon emissions intensity score than the synthetic short exposures of the Sub-Fund.

The ESG ratings that are used to compare the ESG outcome versus the MSCI World Index (the “Index”) and carbon intensity scores, are as defined by MSCI. Further information on the Index can be found at [www.msci.com](http://www.msci.com).

The changes being made will not result in any change to the investment strategy of the Sub-Fund or how it is managed or the costs you pay for your investment. The changes are regarded by the Directors to be in the best interests of Shareholders in the Sub-Fund.

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

Shareholders are not required to take any action in relation to the changes described in this letter. However, if you do not agree with the changes described in this letter you may redeem your Shares free of any redemption charges 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).

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

### **Costs**

There are no anticipated transaction costs resulting from the changes described in this letter. In addition the changes will not result in any increase in ongoing costs for holders of any class of Shares of the Sub-Fund. BlackRock is responsible for meeting the costs of producing and posting this letter and amending the documentation of the Sub-Fund to reflect the changes described above.

### **General Information**

Updated versions of the Prospectus will be available to download from our website ([www.blackrock.com](http://www.blackrock.com)) and in hard copy format free of charge on or around the Effective Date. Copies of the ICAV’s instrument 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

**1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83, Ireland | [www.blackrock.co.uk](http://www.blackrock.co.uk)**

BlackRock Funds 1 ICAV

Registered Office: 200 Capital Dock, 79 Sir John Rogerson’s Quay, Dublin 2, D02 RK57, Ireland.

Directors: Barry O’Dwyer (Chair); Tom McGrath; Nicola Grenham; Becky Tilston Hales (UK).

BlackRock Funds 1 ICAV is an umbrella fund with segregated liability between funds authorised and regulated by the Central Bank of Ireland.

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

A handwritten signature in black ink, appearing to read 'Barry O'Dwyer', with a horizontal line underneath it.

Barry O'Dwyer  
Director

**1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83, Ireland | [www.blackrock.co.uk](http://www.blackrock.co.uk)**

BlackRock Funds 1 ICAV

Registered Office: 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, D02 RK57, Ireland.

Directors: Barry O'Dwyer (Chair); Tom McGrath; Nicola Grenham; Becky Tilston Hales (UK).

BlackRock Funds 1 ICAV is an umbrella fund with segregated liability between funds authorised and regulated by the Central Bank of Ireland.

## APPENDIX 1

<b>Fund Name</b>	<b>Share Class</b>	<b>ISIN</b>
<b>BlackRock Systematic ESG Equity Absolute Return Fund</b>	Class A EUR	IE00BKPSQ225
	Class D EUR	IE00BKPSPX65
	Class D USD Hedged	IE00BKPSPY72
	Class D GBP Hedged	IE00BKPSPZ89
	Class D CHF Hedged	IE00BKPSQ001
	Class X EUR	IE00BKPSQ332
	Class Z EUR	IE00BKPSQ118
	Class Z USD	IE000OVMVA03

**1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83, Ireland | [www.blackrock.co.uk](http://www.blackrock.co.uk)**

BlackRock Funds 1 ICAV

Registered Office: 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, D02 RK57, Ireland.

Directors: Barry O'Dwyer (Chair); Tom McGrath; Nicola Grenham; Becky Tilston Hales (UK).

BlackRock Funds 1 ICAV is an umbrella fund with segregated liability between funds authorised and regulated by the Central Bank of Ireland.

## APPENDIX 2

### **BlackRock Systematic ESG Equity Absolute Return Fund**

#### **Investment Objective**

The investment objective of the BlackRock Systematic ESG Equity Absolute Return Fund (the “Fund” for the purposes of this section) is to provide an absolute return with a limited correlation to market movements, in a manner consistent with environmental, social and governance “ESG” focused investing.

#### **Investment Policy**

The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short exposures. The Fund will seek to gain at least 70% of its investment exposure through equity and equity-related instruments (namely, total return swaps further described below) of companies globally. These instruments will be listed or traded on the Regulated Markets set out in Appendix E (FDI may also be traded OTC as disclosed further below). The Fund will not have a geographical or sector focus but may have a high allocation to particular countries or sectors at any one time. The asset allocation of the Fund is intended to be flexible to allow the Fund to allocate tactically across various countries and maintain the ability to adjust its exposures as market conditions dictate.

The Fund’s market exposure may vary in time and typically range between 250%-350% for long positions and 250%-350% for short positions of the Net Asset Value of the Fund.

In order to achieve the investment objective and policy, the Fund will use quantitative (i.e. mathematical or statistical) models in order to achieve a systematic (i.e. rule based) approach which will be used to determine both long and short exposures. The models select stocks from a broad universe of equities, ranking them according to multiple characteristics such as the attractiveness of their fundamentals, the sentiment of other market participants towards them, their ESG characteristics and headwinds or tailwinds they face from the macro environment. The techniques used are the product of research proprietary to the Investment Manager. The ESG models used fall into various sub-categories, including: superior growth (identifying companies with superior growth prospects through their ESG characteristics); risk mitigation (such as techniques to identify controversies); social (techniques to assess the interaction of businesses with the society around them); transition (evaluating companies’ transition readiness, including considering environmental and climate risk factors). Other models measure additional fundamental features of companies including the quality of their businesses and the relative attractiveness of their stock price. Market sentiment models evaluate the views of other market participants towards stocks (for example, sell-side analysts, other investors and company management teams) as well as trends exhibited by related companies. Macro focused models use techniques to position the portfolio with respect to certain industries, styles (such as value, momentum and quality), countries and markets which are best placed for prevailing macro conditions. The Investment Manager weights the quantitative models based on an assessment of criteria such as performance,

**1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83, Ireland | [www.blackrock.co.uk](http://www.blackrock.co.uk)**

BlackRock Funds 1 ICAV

Registered Office: 200 Capital Dock, 79 Sir John Rogerson’s Quay, Dublin 2, D02 RK57, Ireland.

Directors: Barry O’Dwyer (Chair); Tom McGrath; Nicola Grenham; Becky Tilston Hales (UK).

BlackRock Funds 1 ICAV is an umbrella fund with segregated liability between funds authorised and regulated by the Central Bank of Ireland.

volatility, correlation and turnover within each model, all in relation to the objective of the portfolio. These quantitative models, combined with an automated portfolio construction tool which is proprietary to the Investment Manager, inform which stocks will comprise the Fund's portfolio, whilst adhering to the Fund's ESG Policy outlined below. The Investment Manager reviews the positions generated by the portfolio construction tool before they are traded to compare against the inputs to the model and to consider the impact of any subsequent public information in relation to the positions such as merger and acquisition announcements, significant litigation or changes in senior management personnel.

In addition to the above, the Fund will seek to invest in accordance with the ESG Policy set out below.

BlackRock evaluates underlying investments in companies according to the good governance criteria outlined in the SFDR where relevant data is available and as appropriate given the underlying investment type. These criteria relate to sound management structures, employee relations, remuneration of staff and tax compliance. BlackRock may consider additional factors relating to good governance in its assessment of the sustainability related characteristics of underlying issuers depending on the particular ESG strategy applicable to the Fund.

BlackRock will assess the good governance assessment framework of any delegated managers, including third party managers, where relevant information is available.

In order to assist in achieving its investment objective, the Fund may also, subject to the conditions set out in Appendix C, invest in other CIS, including exchange traded funds, where the objectives of such schemes are consistent with its objective or for efficiently managing cash holdings and/or collateral. The Fund may not invest more than 10% of its Net Asset Value in other CIS. The underlying CIS in which the Fund may invest will be UCITS domiciled in an EU jurisdiction and are expected to be CIS that are managed by the Investment Manager or an Affiliate, but may also be UCITS that are not managed within the BlackRock Group. The annual report of the Fund shall indicate the maximum proportion of management fees charged both to the Fund and the CIS in which it invests for the period covered by such report. These CIS may be listed or traded on the Regulated Markets set out in Appendix E. Where the Investment Manager believes that it is in the best interests of the Fund (such as, in exceptional market conditions or where the Investment Manager is of the opinion that there are insufficient investment opportunities), the Investment Manager may retain a significant proportion of the Fund in cash and/or cash equivalents (such as term deposits and bank certificates), liquid government debt instruments and money market instruments (including certificates of deposit, commercial paper and bankers acceptances).

The Fund may invest in FDI for direct investment purposes or for efficient portfolio management purposes (please refer to Appendix B for further information on investing in FDI for direct investment and efficient portfolio management).

**1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83, Ireland | [www.blackrock.co.uk](http://www.blackrock.co.uk)**

BlackRock Funds 1 ICAV

Registered Office: 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, D02 RK57, Ireland.

Directors: Barry O'Dwyer (Chair); Tom McGrath; Nicola Grenham; Becky Tilston Hales (UK).

BlackRock Funds 1 ICAV is an umbrella fund with segregated liability between funds authorised and regulated by the Central Bank of Ireland.

Where the Fund invests in FDI (as above, these may include total return swaps, credit default swaps, interest rate swaps, currency swaps, options, futures, options on futures, forwards and any other instruments or securities outlined in Appendix B), it shall do so within the limitations specified in Appendix B (subject to the conditions and within the limits laid down by the Central Bank) to assist in achieving its investment objective and to gain exposure to the equities described above. The reference assets underlying the total return swaps, if any, shall be any security, basket of securities or eligible indices which are consistent with the investment policy of the Fund which are expected to include, without limitation, equity indices giving access to equity securities of companies globally. Details of equity indices utilised by the Fund will be provided in the ICAV's annual report. The counterparties to all swap transactions will be institutions subject to prudential supervision and belonging to categories approved by the Central Bank and will not have discretion over the assets of the Fund. These FDI (each of which is described in further detail in Appendix B) may be dealt OTC or be listed or traded on the Regulated Markets set out in Appendix E.

The Fund may generate leverage where FDI are used. In implementing its investment policy, the Fund is generally expected to be leveraged at around 600% of its Net Asset Value. The Fund may have higher levels of leverage on a short-term basis, including in atypical or volatile market conditions and through the use of FDI disclosed above, however leverage is not expected to exceed 900% of its Net Asset Value. For the purposes of this disclosure, leverage is investment exposure gained through the use of FDI. It is calculated by aggregating the underlying market or notional values of all of the FDI held by the Fund.

The Fund may also invest up to 10% of its Net Asset Value in bonds traded OTC or listed or traded in the Regulated Markets set out in Appendix E (which shall be investment grade (or deemed by the Investment Manager to be of an equivalent rating), corporate or government issued, and fixed or floating rate) and up to 10% of its Net Asset Value in cash and deposits (excluding any cash held for the purposes of supporting positions in FDI).

#### **Additional Information: ESG Policy**

In addition to the above, the Fund will seek to apply the BlackRock EMEA Baseline Screens (as described in Appendix K) and select climate risk screening considerations, in order to create the universe of investible equities to which it applies its quantitative models. As described more fully above, the quantitative models incorporate ESG data across the various characteristics used to score companies. The Investment Manager intends the unlevered long and synthetic long exposures of the Fund to have a 30% lower carbon emissions intensity score than the synthetic short exposures of the Fund. The Investment Manager intends the long exposures of the Fund to have a higher ESG score than the short exposures of the Fund.

These ESG ratings and carbon intensity scores are as defined by MSCI.

#### **Additional information: use of benchmark index**

**1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83, Ireland | [www.blackrock.co.uk](http://www.blackrock.co.uk)**

BlackRock Funds 1 ICAV

Registered Office: 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, D02 RK57, Ireland.

Directors: Barry O'Dwyer (Chair); Tom McGrath; Nicola Grenham; Becky Tilston Hales (UK).

BlackRock Funds 1 ICAV is an umbrella fund with segregated liability between funds authorised and regulated by the Central Bank of Ireland.

The Fund is actively managed. The Investment Manager has discretion to select the Fund's investments and is not constrained by any benchmark in this process. The Fund is designed to provide investors with achievement of the investment objective by typically taking a higher level of absolute risk in order to seek a commensurate active return in excess of applicable management fees over the long term (i.e. 5 years or more).

### **Base Currency**

EUR.

### **Fees**

The following fees are payable out of the Net Asset Value of the Fund.

<b>Share Class</b>	<b>Ongoing Charge</b>	<b>Performance Fee</b>
Class A Shares	1.65%	20%
Class D Shares	1.15%	20%
Class X Shares	0.00%	N/A
Class Z Shares	Up to 0.75%	15%

### **Performance Fee Type**

Type A

### **Performance Fee Benchmark**

The Performance Fee Benchmark will be the 3 month Euribor (the "Index" for the purposes of this section). The Index is intended for performance fee calculation purposes only and is not to be regarded as a determinant of portfolio composition which shall be constructed according to the Fund's investment objective and policy.

### **Valuation and dealing**

Dealings in Shares of the Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Services team before the Cut-Off Point and the prices applied will be those calculated as at the Valuation Point. Any dealing orders received by the Transfer Agent or the local Investor Services team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see the Sections headed "Subscription for Shares" and "Redemption of Shares".

### **Risk Management Approach**

Absolute VaR.

For further details on the Fund's risk management approach, please refer to Appendix B.

**1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83, Ireland | [www.blackrock.co.uk](http://www.blackrock.co.uk)**

BlackRock Funds 1 ICAV

Registered Office: 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, D02 RK57, Ireland.

Directors: Barry O'Dwyer (Chair); Tom McGrath; Nicola Grenham; Becky Tilston Hales (UK).

BlackRock Funds 1 ICAV is an umbrella fund with segregated liability between funds authorised and regulated by the Central Bank of Ireland.



**1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83, Ireland | [www.blackrock.co.uk](http://www.blackrock.co.uk)**

BlackRock Funds 1 ICAV

Registered Office: 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, D02 RK57, Ireland.

Directors: Barry O'Dwyer (Chair); Tom McGrath; Nicola Grenham; Becky Tilston Hales (UK).

BlackRock Funds 1 ICAV is an umbrella fund with segregated liability between funds authorised and regulated by the Central Bank of Ireland.

NM0823U-3056126-9/10

**1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83, Ireland | [www.blackrock.co.uk](http://www.blackrock.co.uk)**

BlackRock Funds 1 ICAV

Registered Office: 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, D02 RK57, Ireland.

Directors: Barry O'Dwyer (Chair); Tom McGrath; Nicola Grenham; Becky Tilston Hales (UK).

BlackRock Funds 1 ICAV is an umbrella fund with segregated liability between funds authorised and regulated by the Central Bank of Ireland.