

BlackRock Premier Funds – Systematic Islamic ESG World Equity Fund

December 2024

*This statement provides you with key information about this product.
This statement is a part of the Prospectus.
You should not invest in this product based on this statement alone.*

Quick facts

Manager:	BlackRock Asset Management North Asia Limited
Investment Adviser:	BlackRock Investment Management, LLC (internal delegation, US)
Shariah Compliance Adviser:	Amanie Advisors Ltd.
Trustee:	Cititrust Limited
Custodian:	Citibank N.A., Hong Kong Branch
Ongoing charges over a year[#]:	Class A2 USD: 1.20% Class D2 USD: 0.70%
Base currency:	USD
Dividend policy[^]:	Non-Distributing Unit Classes: No dividends will be declared or paid ▶ Class 2
Financial year end of this fund:	30 September
Minimum investment (initial and additional):	Class A2/D2: USD: initial – USD5,000; additional – USD1,000
Dealing frequency:	Daily

[#] The ongoing charges figure is estimated because the Fund is newly launched. The figure is based on the estimated costs and expenses of the Fund over 12 months. This figure may vary from year to year.

[^] Any income received by the Fund will be retained and is subject to the process for purification. Please refer to the section “Investment Objective and Policy – Further details on the Shariah Compliant Investment Strategy – Income Purification” in the Prospectus for details.

What is this product?

Systematic Islamic ESG World Equity Fund (the “**Fund**”) is a sub-fund of BlackRock Premier Funds, an umbrella unit trust established under the laws of Hong Kong.

Objective and Investment Strategy

Objective

The Fund seeks to maximise total return in a manner consistent with the principles of Shariah compliant investing (“**Shariah Compliant Investment Strategy**”) and environmental, social and governance (“**ESG**”) focused investing (“**ESG Investment Strategy**”).

Strategy

The Fund will seek to achieve its investment objective by investing at least 80% of its net asset value directly through equities and equity-related securities (including Shariah compliant derivatives as set out in the sub-section “Other Investments” below) of, or giving exposure to, companies domiciled in or

exercising the predominant part of their economic activity in developed markets. The Fund invests with no prescribed industry/sector or market capitalisation limits. In seeking to achieve its investment objective the Fund may also invest up to 20% of its net asset value in cash and near-cash instruments when deemed appropriate.

The Fund's total assets will be invested in accordance with the Shariah compliant investment principles as interpreted and laid down by the Shariah Compliance Adviser and the ESG investment guidelines as described below. All the proposed investments for the Fund will first be assessed to confirm compliance with the Shariah compliant investment principles, after which such Shariah-compliant investments will be assessed against the ESG investment guidelines.

Shariah Compliant Investment Strategy

Business Activity Screening

Shariah investment principles do not allow investment in companies which are directly active in, or derive more than 5% of their revenue (cumulatively)¹ from such business activities (“**prohibited activities**”) as alcohol, tobacco (including cannabis), pork-related products, conventional financial services, defense / weapons, gambling / casino, music, hotels (excluding revenue from hotel premises operating in Saudi Arabia), cinema and adult entertainment (including online dating). Please refer to the Prospectus for more details regarding the above prohibited activities.

Financial Screening

Shariah investment principles do not allow investment in companies deriving significant income from interest or companies that have excessive leverage. The Manager (and, where applicable, the Investment Adviser) use three financial ratios to screen for such companies: 1) total debt over average market capitalisation²; 2) the sum of a company's cash and interest-bearing securities over average market capitalisation²; and 3) the sum of a company's accounts receivables and cash over average market capitalisation². The first two ratios must not exceed 33.33% while the upper limit for the third ratio is 49%.

Income Purification

If the Fund derives part of its total income from (1) interest income and/or (2) income generated from prohibited activities, Shariah investment principles state that this proportion must be deducted from the assets of the Fund and donated to charitable organisations as approved by the Shariah Compliance Adviser. Please refer to the section “Investment Objective and Policy – Further details on the Shariah Compliant Investment Strategy – Income Purification” in the Prospectus for details.

Islamic financial institutions³ will not be subject to the Business Activity Screening and the Financial Screening as described above.

¹ Calculated as follows: (revenue from prohibited activities including interest income) / (total income defined as total earnings including sales and interest income). Interest income includes both operating and non-operating income.

² The average market capitalisation is calculated as the average of month-end market capitalisation of the last 36 months prior to the screening. In the cases where there are fewer than 36 months of available data, the calculation includes the months where the data is available.

³ A company will be considered an Islamic financial institution if it meets all the following criteria: (i) the company has a GICS code of 4010 (Banks), or 4020 (Diversified Financials), or 4030 (Insurance); (ii) the company is a separate legal entity that is established only to deal in transactions that are Shariah-compliant; (iii) the company has an appointed Shariah supervisory board that provides oversight and sign-off on all of its activities, provides on-going guidance on all Shariah related matters and issues pronouncements/Fatwas with respect to the foregoing, where such pronouncements/Fatwas are legally binding on the company; and (iv) the above is documented in the company's formation documents and in the company's audited financial statements.

Securities for which sufficient financial information is not available to determine the business activity information and financial ratios described above are considered non-compliant with the Shariah investment principles.

ESG Investment Strategy

The Fund will seek to deliver a weighted average ESG score higher than the ESG score of the MSCI World Islamic M-Series Index (the “**Index**”, as a fair representation of the Fund’s investment universe) after eliminating at least 20% of the lowest ESG rated securities from the Index, and a weighted average carbon emissions intensity score that is 20% lower than the Index. Such ESG score will be calculated as the total of each issuer’s ESG score (where applicable), weighted by the market value of the securities issued by the relevant issuer in the Fund’s portfolio or the Index (as the case may be), with reference to third party ESG score. The calculation with respect to both the Fund and the Index will exclude any issuer without ESG score and be rebased accordingly.

In order to achieve its investment objective and policy, the Fund will use quantitative (i.e. mathematical or statistical) models designed and built by the Manager (and, where applicable, the Investment Adviser) in order to achieve a systematic (i.e. rule based) approach to stock selection subject to the ESG policy described below.

The Fund’s total assets will be invested in accordance with the ESG policy described below.

The Fund will apply exclusionary screens, which means that the Manager (and, where applicable, the Investment Adviser) will seek to limit and/or exclude direct investment (as applicable) in issuers which, in the opinion of the Manager (and, where applicable, the Investment Adviser), have exposure to, or ties with, certain sectors (in some cases subject to specific revenue thresholds) including but not limited to:

- (i) the production of controversial weapons;
- (ii) the distribution or production of firearms or small arms ammunition intended for retail civilians;
- (iii) the extraction of certain types of fossil fuel and/or the generation of power from them;
- (iv) the production of tobacco products or certain activities in relation to tobacco-related products; and
- (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.

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.

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 exclusionary screens) based on their ESG attributes and on forecasts of returns (including ESG return drivers), risk and transaction costs, subject to the investment constraints which optimise the portfolio by adjusting the weighting of the securities holding so that:

- (i) the weighted average ESG score and carbon emissions intensity score targets as described above are achieved; and
- (ii) the Fund invests at least 20% of its net asset value in sustainable investments as defined by the Manager (and, where applicable, the Investment Adviser) having regard to comparable law and regulation (such as the European Union’s Sustainable Finance Disclosure Regulation) and which are assessed as doing no significant harm.

To undertake the above evaluation, the Manager (and, where applicable, the Investment Adviser) may use data provided by external ESG providers, proprietary models and local intelligence and may undertake site visits.

The Fund may gain limited indirect exposure (which is expected to be up to 20% of the Fund's net asset value) 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, shares or units of collective investment schemes and Sukuk issued by governments and agencies worldwide. These securities will nevertheless be Shariah-compliant. Where applicable, these investments would be subject to assessment on the associated ESG risks and opportunities.

Other Investments

Subject to the Fund's investment objective and strategy and the applicable investment restrictions as well as prior written approval of the Shariah Compliance Adviser, the Fund may utilise Shariah compliant derivatives⁴ for hedging and/or liquidity management purposes.

The Sub-Fund will not enter into any securities financing transactions. Prior approval from the SFC will be sought and at least one month's prior notice will be given to unitholders in the event the Manager (and, where applicable, the Investment Adviser) intend to engage in such activities.

Use of Shariah compliant derivatives / investment in Shariah compliant derivatives

The Fund's net derivative exposure through the use of Shariah compliant derivatives may be up to 50% of the Fund's latest net asset value.

What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including the risk factors.

1. Investment risks

The Fund is an investment fund. There is no guarantee of the repayment of principal. The Fund's investment portfolio may fall in value due to any of the key risk factors below, therefore your investment in the Fund may suffer losses.

2. Equity market risks

The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer specific factors.

3. ESG investment policy risks

The use of ESG criteria may affect the Fund's investment performance and, as such, the Fund may perform differently compared to similar funds that do not use such criteria. ESG-based exclusionary criteria used in the Fund's investment policy may result in the Fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their ESG characteristics when it might be disadvantageous to do so.

There is a lack of a standardised taxonomy on ESG criteria. The evaluation methodology adopted by different investment managers may vary. In evaluating a security or issuer based on ESG criteria, the Manager (and, where applicable, the Investment Adviser) is dependent upon information and data from third party ESG providers, which may be incomplete, inaccurate, inconsistent or unavailable. As

⁴ "Shariah compliant derivatives" means derivatives whose underlying investments comply with the Shariah investment principles as interpreted and laid down by the Shariah Compliance Adviser as set out in the sub-section "Shariah Compliant Investment Strategy" above, namely futures on Shariah compliant equity indices.

a result, there is a risk that the Manager (and, where applicable, the Investment Adviser) may incorrectly assess a security or issuer. Investment selection of the Fund involves subjective judgement of the Manager (and, where applicable, the Investment Adviser). Hence, there is also a risk that the Manager (and, where applicable, the Investment Adviser) may not apply the relevant ESG criteria correctly or that the Fund may gain limited exposure to issuers which may not be consistent with the relevant ESG criteria used by the Fund.

4. Islamic investment risks

Purification of income risk

For the Fund to remain Shariah compliant, it may be required to "purify" its portfolio of income that is considered "impure" by Shariah principles (i.e. any amount that may have been derived from activities not in accordance with Shariah principles) and donate such amount to charitable organisations as approved by the Shariah Compliance Adviser. This may lower the performance of the Fund.

Risks associated with the Shariah Compliant Investment Strategy

It is possible that the Shariah Compliant Investment Strategy adopted by the Fund may result in the Fund's portfolio performing less well than portfolios with similar investment objectives that are not subject to the Shariah Compliant Investment Strategy. Though the Fund will be managed in accordance with the Shariah Compliant Investment Strategy, for reasons uncontrollable by or not reasonably foreseeable to the Manager (and, where applicable, the Investment Adviser), the Fund may deviate temporarily from the Shariah Compliant Investment Strategy, and most, if not all, of the time such deviation happens out of the control of the Manager (and, where applicable, the Investment Adviser) and is not predictable. Investors should be aware that the Shariah is not a codified legal system, and the interpretation of the Shariah Compliant Investment Strategy by the Shariah Compliance Adviser and adopted by the Fund may not be consistent with the interpretation of certain Islamic professionals in other parts of the world.

Reclassification of Shariah status risk

This risk refers to the risk that the currently held Shariah-compliant equities and equity-related securities in the Fund may be reclassified to Shariah non-compliant in the periodic review of the equities by the Shariah Compliance Adviser. If this occurs, the Manager (and, where applicable, the Investment Adviser) will take the necessary steps to dispose of such equities. Any excess capital gains derived from the disposal after the announcement date or the effective review date (i.e. the date on which the Shariah Compliance Adviser announces or determines a security as Shariah non-compliant) at a market price that is higher than the closing price on the announcement date or on the effective review date is to be channeled to any charitable bodies as advised by the Shariah Compliance Adviser.

5. Concentration risk

The Fund invests primarily in developed markets. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the developed markets.

6. Currency risk

Underlying investments of the Fund may be denominated in currencies other than the base currency of the Fund. The net asset value of the Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

7. Derivatives risk

Subject to the investment limits and restrictions set out in the Prospectus and the prior written approval of the Shariah Compliance Adviser, the Fund may enter into Shariah compliant derivatives transactions. Risks associated with Shariah compliant derivatives include counterparty/credit risk, liquidity risk, valuation risk and volatility risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the Fund. In an adverse situation, if the use of derivatives for hedging and/or liquidity management purposes becomes

ineffective, the Fund may suffer significant losses. Shariah compliant derivatives are less common and may be subject to higher volatility and lower liquidity compared to their conventional counterparts.

How has the fund performed?

There is insufficient data to provide a useful indication of past performance to investors.

Notes:

The Manager views Class A2 USD, being the focus unit class of the Fund available to the public of Hong Kong, as the most appropriate representative unit class.

Fund launch date: December 2024

Class A2 USD launch date: December 2024

Is there any guarantee?

The Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Fund:

Fee	What you pay
Subscription Fee (Initial Charge)	Class A2 Units: Up to 3% of the issue price Class D2 Units: Up to 3% of the issue price
Switching Fee (Conversion Charge)	Nil [^]
Redemption Fee (Redemption Charge)	Nil [^]

[^] A 2% charge of (i) the net asset value per unit of the Fund on conversion or (ii) the redemption price of units on redemption may be levied for excessive conversion / trading by a unitholder. Please refer to the section "Fees, Charges and Expenses payable by the Unitholders – Excessive Trading or Excessive Conversion charges" in the Prospectus for detail.

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments:

Fee	Annual Rate (as a % of the Fund's Net Asset Value)
Management Fee	Class A2 Units: Up to 2.00%, currently 1.00%* Class D2 Units: Up to 2.00%, currently 0.50%*
Administration Fee	Class A2 Units and Class D2 Units: Up to 0.25%
Trustee Fee and Custodian Fee	Included in the Administration Fee
Performance Fee	Not applicable

* May be increased to the permitted maximum level in the Prospectus by giving not less than 1 month's prior notice.

Note: The Shariah Compliance Adviser's fee for the Fund will be borne by the Manager.

Other fees

You may have to pay other fees when dealing in the units of the Fund. Please refer to the Prospectus for detail.

Additional Information

- ▶ You generally buy and redeem units at the Fund's next-determined net asset value after the Trustee receives your request in good order on or before the 6.00 p.m. dealing cut-off (Hong Kong time) on the relevant dealing day. Orders placed through intermediaries may be subject to different procedures and cut-off times.
- ▶ The net asset value per unit of the Fund is calculated and is available on the Manager's website

at www.blackrock.com/hk on each dealing day.

- ▶ Investors may also obtain information on the Fund from the Manager's website at www.blackrock.com/hk. Investors should note that the Manager's website has not been reviewed by the SFC.
- ▶ The Prospectus and this statement will be updated to include the classes of units currently available for subscription from time to time.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.