

An aerial photograph of a dam. On the left, turbulent green water flows through the dam's spillways. On the right, a concrete structure houses a hydroelectric power plant with numerous pipes and machinery. A white pickup truck is driving on a road that runs along the top of the dam.

BlackRock®

**Global
perspectives
on investing in
the low-carbon
transition**

Survey of 200 institutional investors

Executive summary

The transition to a low-carbon economy is among a handful of major structural shifts that we see rewiring economies, sectors, and businesses.

Clients are increasingly asking BlackRock how to mitigate investment risks and capture opportunities associated with climate and the low-carbon transition.

To help inform the choices BlackRock offers our clients, in June 2023 we commissioned iResearch Services, an independent third-party research consultancy, to conduct a market survey on our behalf. The survey seeks to better understand institutions' needs and preferences related to investing in the low-carbon transition.

iResearch Services polled 200 institutional investors globally, representing \$8.7 trillion¹ in assets under management, with the goal of providing a representative sample across regions and organization types. All survey respondents are involved in the investment process at their respective organizations. Survey responses have not been edited and solely represent the opinions of the respondents at the time of the survey.

The results offered a lens into how institutional investors globally are thinking about investing in the low-carbon transition. **Four key themes emerged:**



01. Low-carbon transition as an investment priority

56% of investors who took this survey indicated that they plan to increase transition allocations in the next 1-3 years, and 46% said navigating the transition is their most important investment priority in the next 1-3 years.

03. Spotlight on whole portfolio, fixed income, KPIs², and performance

Respondents expressed that there are some product offerings gaps (e.g., **whole portfolio approach, emerging markets, fixed income**), as well as other challenges with transition allocations (e.g., tracking KPIs).

02. A mix of approaches

Globally, the majority - 56% - of respondents indicated a **preference for a whole portfolio approach to transition investing**, while 41% expressed a preference for an asset-class-by-asset-class approach.

04. Managers' research and deal access are key

When it comes to selecting a transition partner, institutional investors are looking for an asset manager with **strong research capabilities, access to proprietary deals, and performance track record**.

As a fiduciary, BlackRock invests on our clients' behalf to help them meet their investment objectives. Our role in the transition is to help clients navigate investment risks and opportunities, not to engineer a specific decarbonization outcome in the real economy. Our investment approach is informed by three principles: we provide choice, we seek the best risk-adjusted returns within the mandates clients give us, and we underpin our work with research, data, and analytics.

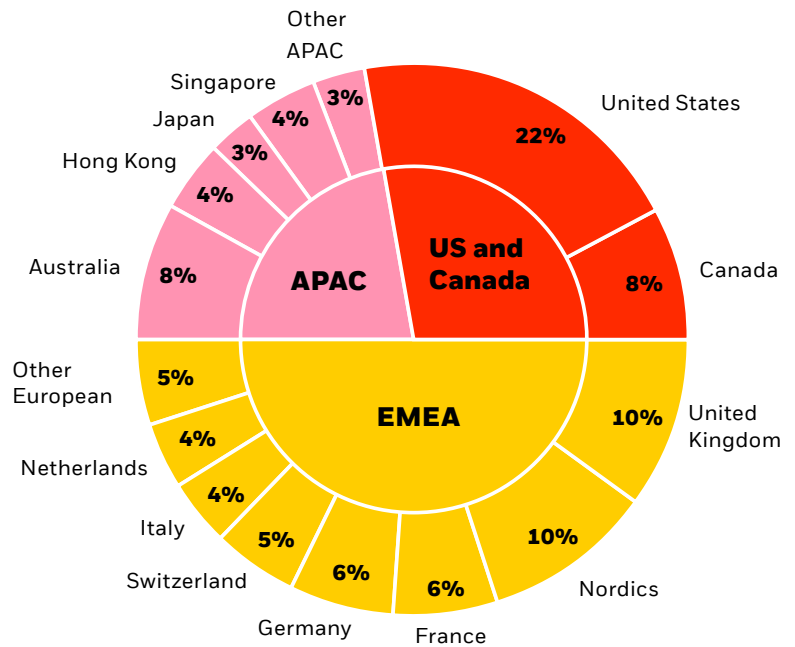
¹ Currency is shown in USD

² Key Performance Indicators

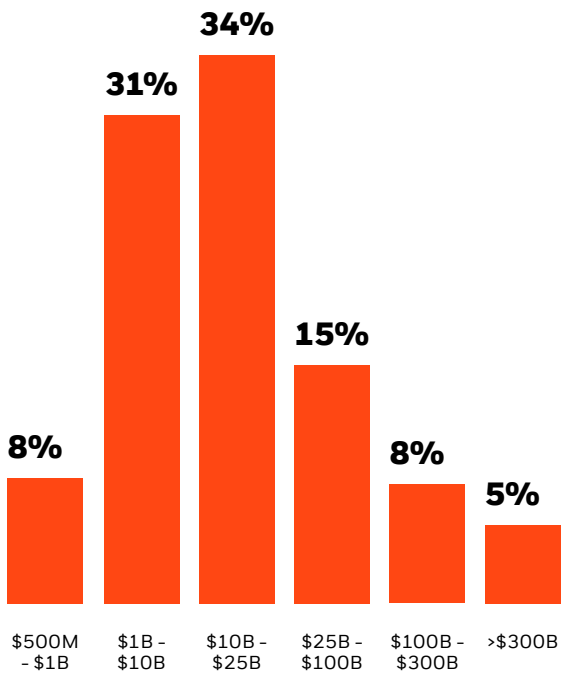
About the survey

Understanding a diverse set of client perspectives

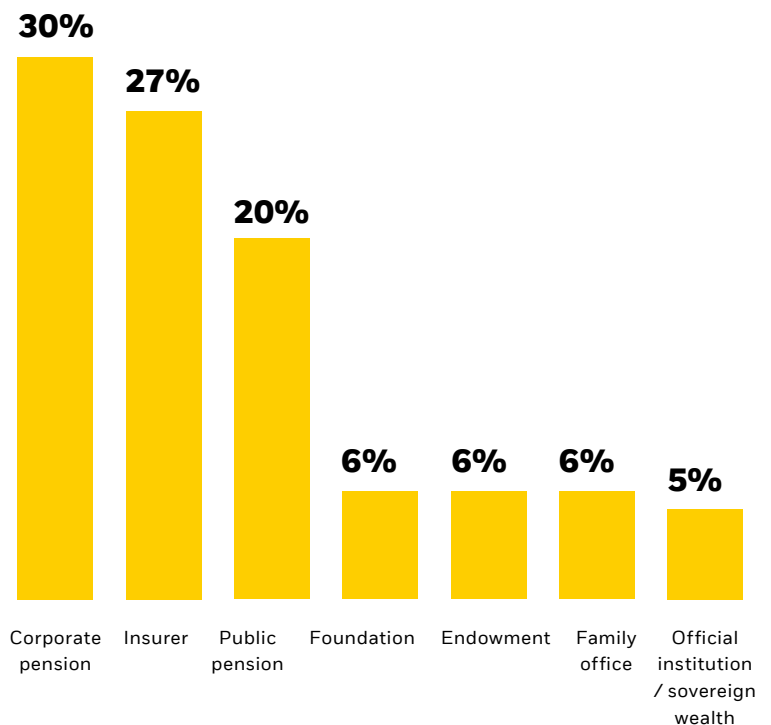
The survey polled 200 institutions around the globe. Their sizes and geographies varied widely.¹



Institution size (USD)



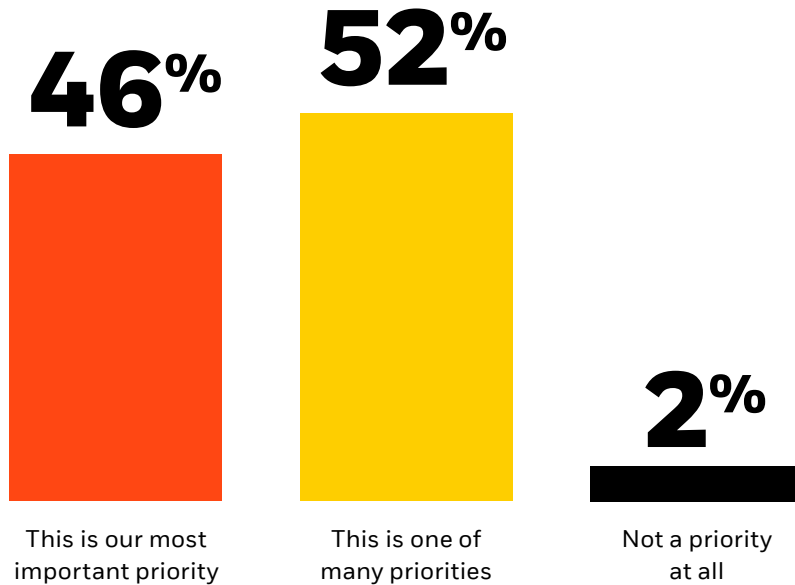
Organization breakdown



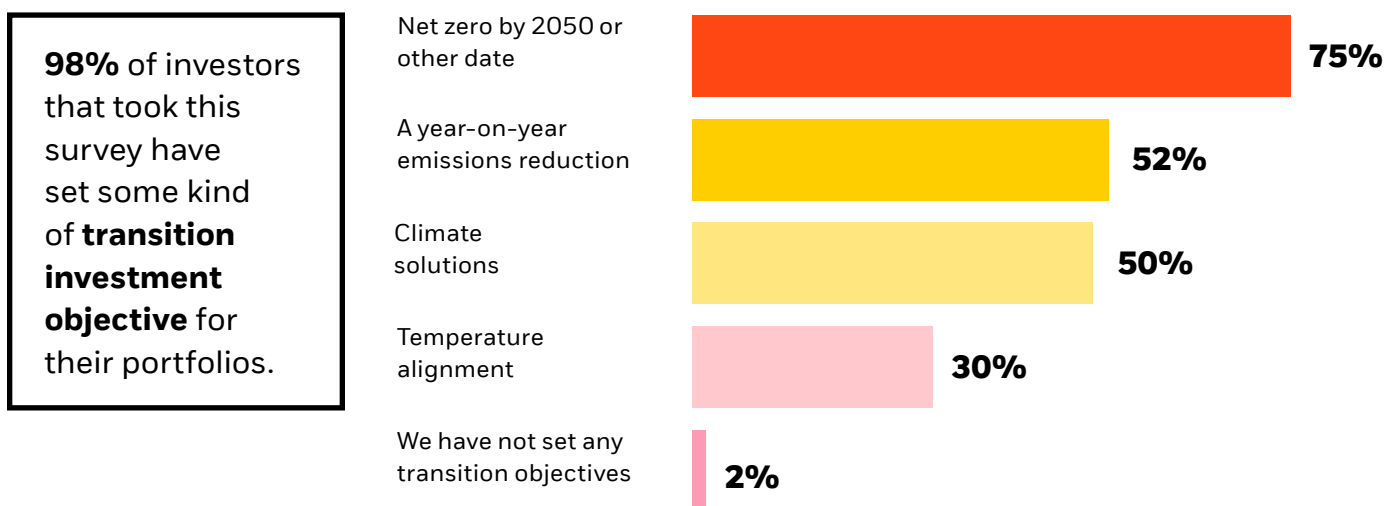
¹ Percentages shown on subsequent pages may not always add to 100% due to rounding.

1 • Low-carbon transition as an investment priority

Q | Where does navigating the transition to a low-carbon economy rank in your investment priorities in the next 1-3 years?

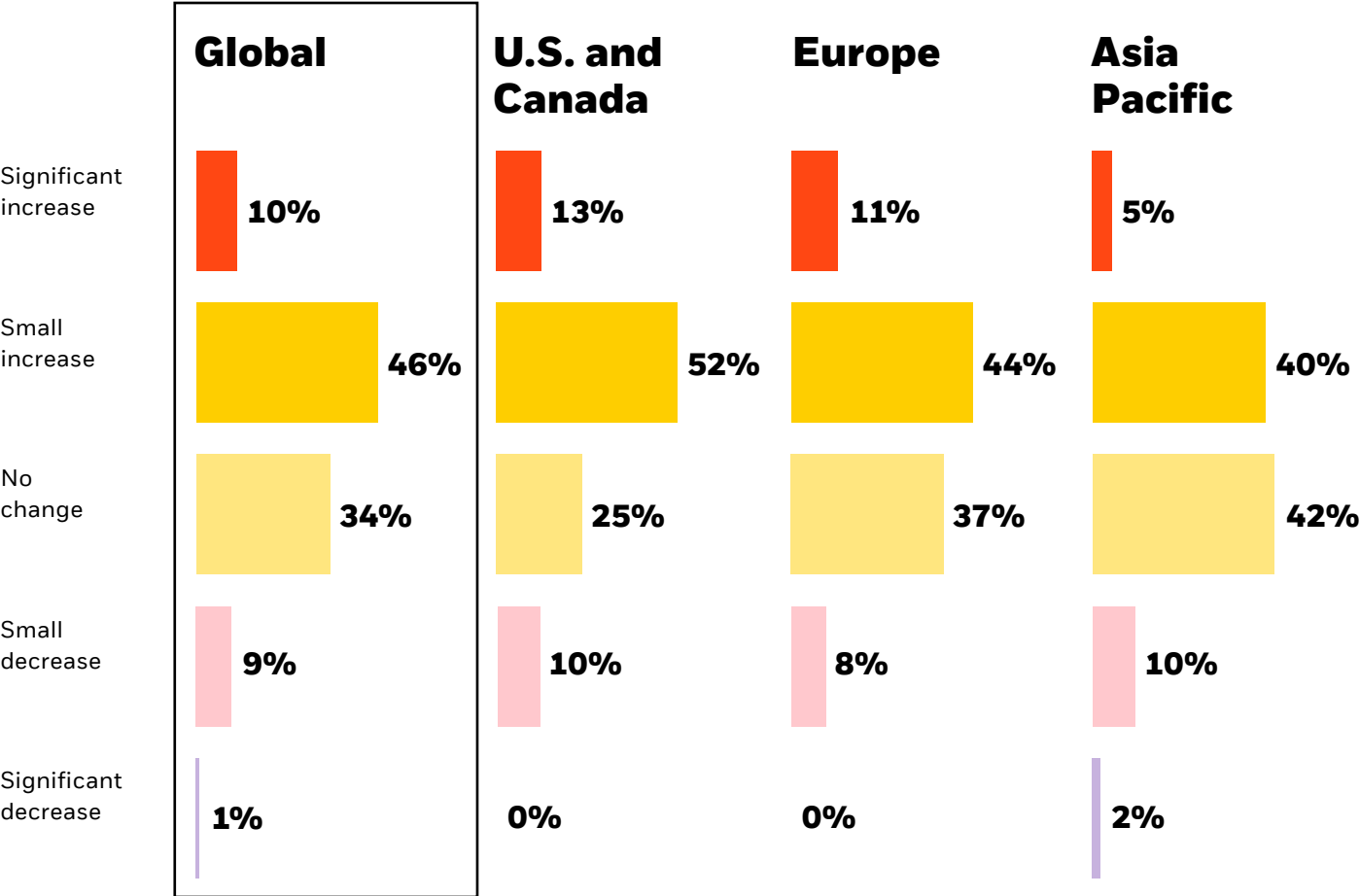


Q | Have you set any transition investment objectives across your portfolio?



Low-carbon transition as an investment priority

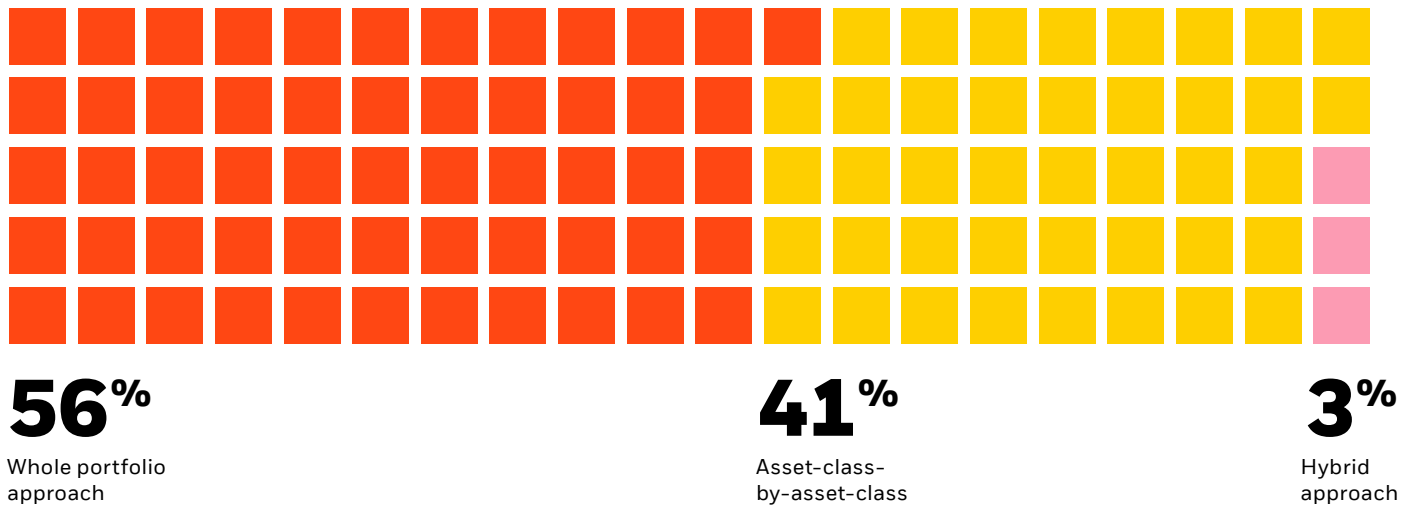
Q | How do you expect to change your allocations to transition strategies over the next 1-3 years?



56% of survey respondents are looking to **increase their allocations to transition strategies**, with investors in U.S. and Canada expressing the strongest intention to increase allocations.

2 ● A mix of approaches

Q | If you're planning to increase your allocation to transition strategies, is the increase at an asset class level or on a whole portfolio basis?¹

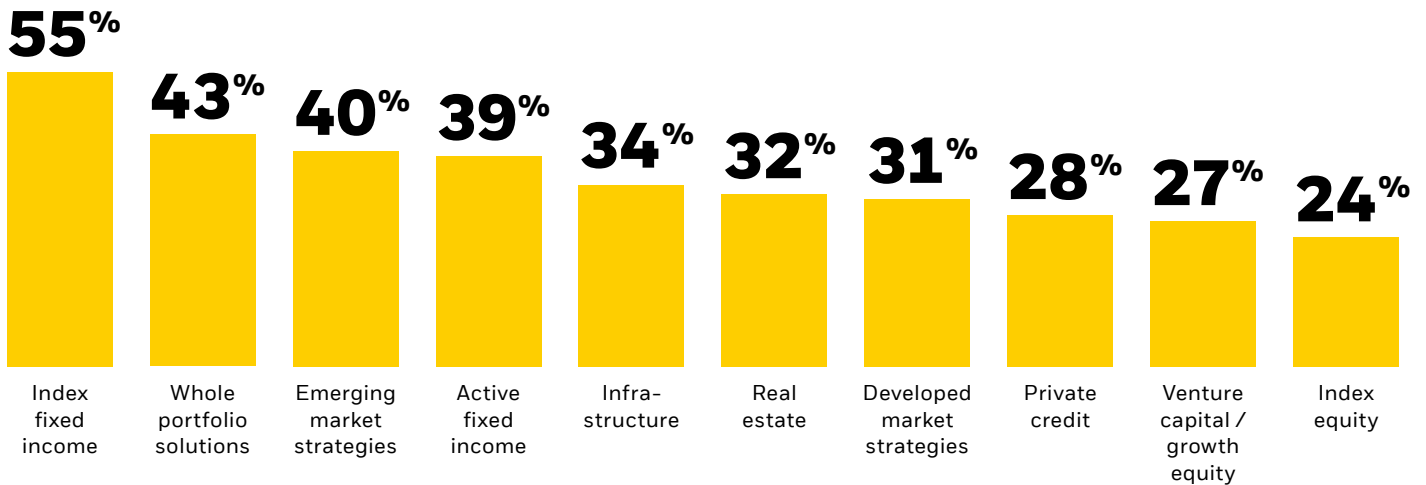


A majority of respondents indicated a preference for a **whole portfolio approach** to investing in the low-carbon transition, while 41% of respondents expressed a conviction for an asset-class-by-asset-class approach.

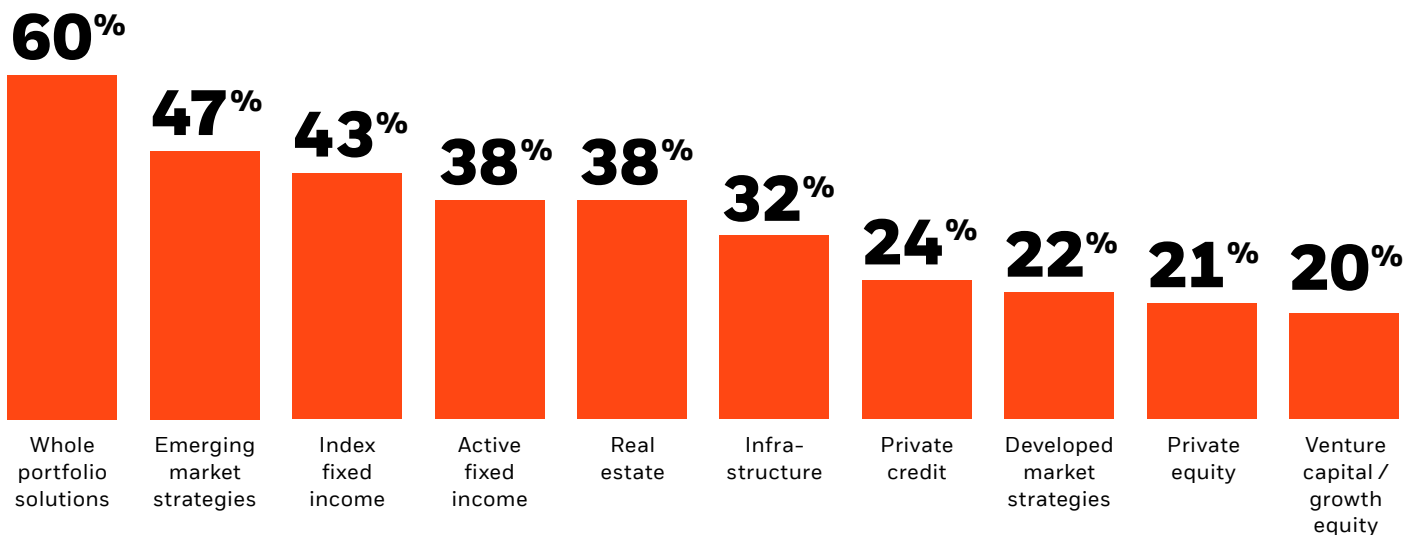
¹ For respondents who indicated that they planned to increase asset allocations to transition investing over the next 1-3 years.

3. Spotlight on whole portfolio, fixed income, KPIs, and performance

Q | In which asset classes do you intend to increase allocation to transition strategies? Please select all that apply.¹



Q | Where do you wish to see more transition and sustainable investing products available? Please select all that apply.

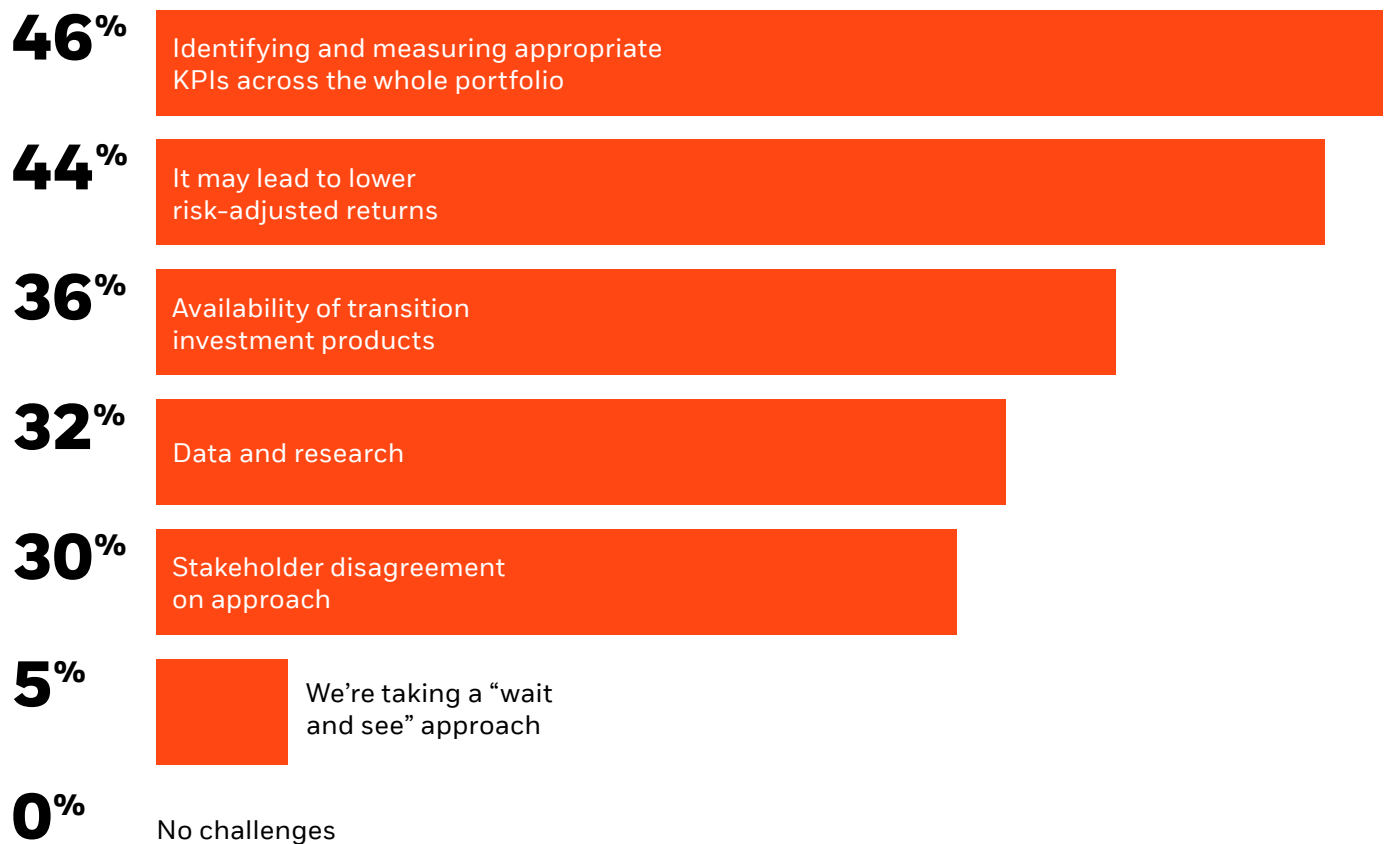


The top asset classes where institutional investors intend to increase allocations are **index fixed income, whole portfolio solutions, and emerging markets**. They would like to see **more products available in the same asset classes** in which they intend to increase allocations, particularly whole portfolio solutions.

¹ For respondents who indicated that they planned to increase asset allocations to transition investing over the next 1-3 years.

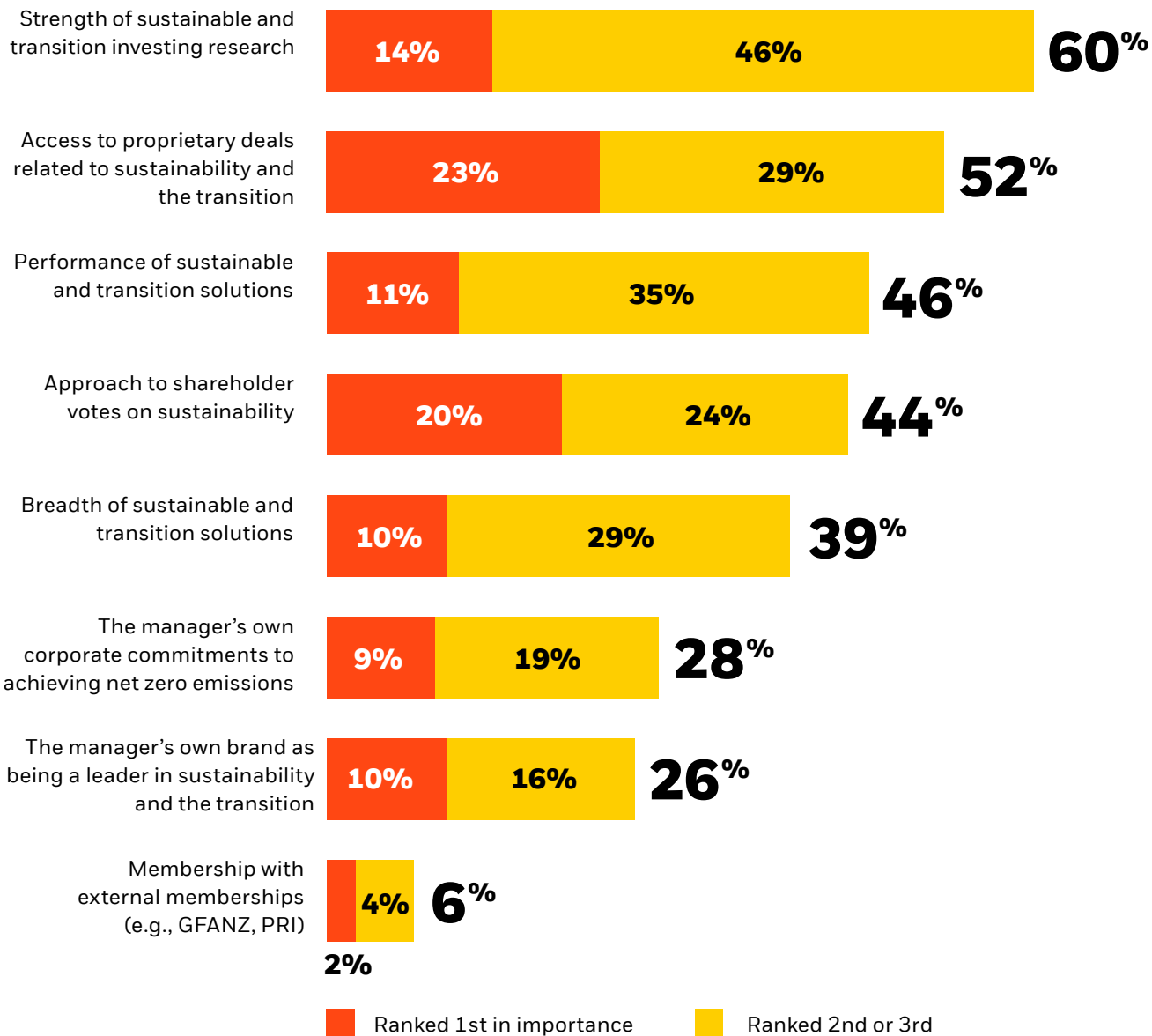
Spotlight on whole portfolio, fixed income, KPIs, and performance

Q | What are the biggest challenges when allocating to transition strategies?
Please select all that apply.



4 Managers' research and deal access are key

Q | What are the most important considerations when selecting your transition investing manager? Please rank up to 3 responses.



Institutional investors rank sustainable and transition investing **research, proprietary deal access, and performance of sustainable and transition solutions** as the most important factors in selecting a manager for transition allocation. **23%** of investors ranked access to proprietary deals as their **top consideration**.

Survey methodology

The Global Transition Investing survey was conducted in June 2023. All respondents in this survey were institutional investors sourced by an independent third-party research consultancy. Respondents were asked to answer questions about the transition to a low-carbon economy, including their approach to portfolio allocations for the transition, portfolio transition objectives, and which qualities are important when selecting a transition asset manager. Respondents were also asked to respond to their level of responsibility for making investment decisions across the organization's portfolio. Further questions related to organization type, size, and location were included in order to gather insight about respondent demographics.

Any opinions expressed reflect our survey results as of June 2023. They are not intended to be a forecast of future events or a guarantee of future results. There is no guarantee that any forecasts made will come to pass.

Numbers or percentages may not add up to 100 due to rounding.

Sample size is 200 global respondents throughout unless indicated otherwise. This includes 100 respondents in Europe, 40 respondents in Asia Pacific, and 60 in North America (Canada and the United States).

Disclosures

This material is intended for information purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities, funds or strategies to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. The opinions expressed are subject to change without notice. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks.

This document is marketing material: Before investing please read the Prospectus and the PRIIPs KID available on www.blackrock.com/it, which contain a summary of investors' rights.

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors 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.

In the UK and Non-European Economic Area (EEA) countries: this is issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock.

In the European Economic Area (EEA): this is issued by BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 – 549 5200, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded.

For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in Italian.

In Israel, BlackRock Investment Management (UK) Limited is not licenced under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"), nor does it carry insurance thereunder.

In South Africa, please be advised that BlackRock Investment Management (UK) Limited is an authorised Financial Services provider with the South African Financial Services Conduct Authority, FSP No. 43288.

In Switzerland, this document is marketing material.

In the U.S. and Canada, this material is intended for public distribution.

In Latin America: No securities regulator has confirmed the accuracy of any information contained herein. The provision of investment management and investment advisory services is a regulated activity in Mexico thus is subject to strict rules. For more information on the Investment Advisory Services offered by BlackRock Mexico please refer to the Investment Services Guide available at www.blackrock.com/mx

In Singapore, this is issued by BlackRock (Singapore) Limited (Co. registration no. 200010143N). This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

In Hong Kong, this material is issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong.

In South Korea, this is issued by BlackRock Investment Management (Korea) Limited. For information or educational purposes only, not for reuse, redistribution, or any commercial activity, and does not constitute investment advice or an offer or solicitation to purchase or sells in any securities or any investment strategies.

In Taiwan, independently operated by BlackRock Investment Management (Taiwan) Limited. Address: 28F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan. Tel: (02)23261600.

In Australia, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 AFSL 230 523 (BIMAL). The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances.

In China, this material is provided for informational or educational purposes in People's Republic of China ("PRC", for such purposes, excluding Hong Kong, Macau and Taiwan) only and does not constitute a solicitation of any securities or BlackRock funds or any financial services in any jurisdiction in which such solicitation is unlawful or to any person to whom it is unlawful.

Any research in this document has been procured and may have been acted on by BlackRock for its own purpose. The results of such research are being made available only incidentally. The views expressed do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the BlackRock Group or any part thereof and no assurances are made as to their accuracy.

This document is for information purposes only and does not constitute an offer or invitation to anyone to invest in any BlackRock funds and has not been prepared in connection with any such offer.

©2023 BlackRock, Inc. All Rights Reserved. **BLACKROCK** is a trademark of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.

GELM-1783-AUG23-US