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BlackRock adds emerging market debt funds to impact investing mix

BY [Jessica Pothering](#) | August 06, 2018 at 06:01 PM



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ImpactAlpha, August 8 – The investment management giant with \$6.3 trillion in assets under management has [launched](#) four debt funds focused on sustainable investing in emerging markets. The funds will invest in public and corporate debt issued from emerging market countries. BlackRock considers the new funds part of its growing impact investing portfolio.

Earlier this year, BlackRock [partnered](#) with Swedish pension fund API to create an emerging markets equity fund that would use environmental, social and governance, or ESG, metrics as screening criteria. BlackRock's new debt funds signal an expansion of ESG's relevance and application to emerging markets investment opportunities.

"The gap between ESG leaders and laggards is large in the [emerging markets] world, and a strong ESG data can provide forward-looking information that captures the underlying

deterioration of an issuer's creditworthiness, sometimes well before standard macro credit metrics," said BlackRock's Giulia Pellegrini.

The funds' impact scoring will be based on ESG metrics BlackRock developed in partnership with JPMorgan for a fixed-income index that [launched](#) earlier this year. Data from Sustainalytics, RepRisk and Climate Bonds Initiative are used for benchmarking. The index also screens against thermal coal, tobacco, weapons and violations against the U.N. Global Compact principles.

The funds are called: ESG Emerging Markets Bond Fund; ESG Emerging Markets Local Currency Bond Fund; ESG Emerging Markets Corporate Bond Fund; and ESG Emerging Markets Blended Bond Fund. They are UCITS-compliant, which means they can be made available to investors across Europe.