

BlackRock Continental European Income Fund

Annual Short Report
to 30 June 2013

This Annual Short Report for the BlackRock Continental European Income Fund covers the year to 30 June 2013, the first six months of which were commented on in the Interim Report to 31 December 2012.

Summary of Performance over the Period

The BlackRock Continental European Income Fund returned 36.3%* in the twelve months ended 30 June 2013, significantly outperforming its benchmark which returned 27.8%. Similarly, over the last six months of the reporting period, the Fund returned 17.6%* significantly outperforming its benchmark, which rose 11.1%.

Fund Managers' Commentary

Over the year, equities reacted positively to the de-risking of European politics by Draghi's 'whatever it takes' speech. In the last quarter, markets were generally flat, albeit more volatile due to the expected tapering of quantitative easing and softening Chinese economic indicators.

Our key investment themes of international growth for emerging and developed countries, domestic infrastructure, undervalued defensives and special dividends worked well, as did the flexibility to invest in midcap, where we found attractive dividend growth.

Accurate stock selection was the key driver of outperformance. Global elevator company Kone appreciated over 40%. Defensive Pharma company Merck posted absolute returns of just under 60%, while domestic infrastructure firm Atlantia (Italian toll roads) gained just under 40%. In terms of midcaps, Italian asset manager Banca Generali posted an absolute return of over 100% over the year, enjoying both strong inflows and market share gains.

Over the course of the year, we used the Fund's flexibility to avoid sectors where volatility appeared too high for inclusion in the portfolio or dividend reliability too low, or where stocks were overvalued. In financials, this led to a significant decrease from June 2012 before reinvesting in quarter one 2013. We reduced our exposure to materials and energy as global macro growth slowed. We added to more defensive healthcare but reduced consumer staples, a fully valued sector.

Overall, we remain positive on European equities for 2013. Valuation remains attractive relative to other assets. On dividend yield in particular, European equities continue to look attractive both against other regions, and also versus corporate bonds, where volatility has increased.

July 2013

* Performance figures quoted are based on bid-to-bid dealing prices (the price at which units are sold) and are not the same as the net asset value reported in the financial statements which is at close of business. Performance is calculated net of fees and reported for the Fund's class A Accumulation Units.

Performance Record

Capital (Unit Prices)

Calendar Year	A Income Units		A Accumulation Units		D Income Units		D Accumulation Units	
	Highest Offer Price p	Lowest Bid Price p	Highest Offer Price p	Lowest Bid Price p	Highest Offer Price p	Lowest Bid Price p	Highest Offer Price p	Lowest Bid Price p
2013*	124.2	96.86	133.0	103.1	119.8	97.86	128.8	104.4
2012	102.1	80.69	108.3	82.69	98.28	81.25	104.5	83.39
2011#	105.0	75.60	105.3	75.90	100.0	75.80	100.4	76.13

* To 30 June. # Fund launched on 6 May 2011.

Income (Net Distributions/Net Accumulations)

Calendar Year	A Income Units Per Unit p	A Accumulation Units Per Unit p	D Income Units Per Unit p	D Accumulation Units Per Unit p
2013*	4.4879	4.8016	4.5421	4.8701
2012	3.9562	4.0490	4.0857	4.2007
2011#	1.1500	1.1530	1.2083	1.2290

* To 31 August. # Fund launched on 6 May 2011.

Unit Price Summary

	Unit Price as at 30 June 2013	Unit Price as at 30 June 2012
A Income Units	108.5p	84.50p
A Accumulation Units	119.9p	89.32p
D Income Units	110.0p	85.04p
D Accumulation Units	121.9p	90.13p

A Income

The final distribution payable on 31 August 2013 is 3.3605p net per income unit (31 August 2012: 3.0562p net per income unit).

A Accumulation

The final accumulation payable on 31 August 2013 is 3.6012p net per accumulation unit (31 August 2012: 3.1149p net per accumulation unit).

D Income

The final distribution payable on 31 August 2013 is 3.4038p net per income unit (31 August 2012: 3.1147p net per income unit).

D Accumulation

The final accumulation payable on 31 August 2013 is 3.6577p net per accumulation unit (31 August 2012: 3.1858p net per accumulation unit).

Summary of Investment Objective and Policy

To achieve an above average income from its equity investments, compared to the income yield of European equity markets (excluding the UK), without sacrificing long-term capital growth. The Fund will invest primarily in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in Europe excluding the UK. The Fund may also invest in other transferable securities, permitted money-market instruments, permitted deposits, cash and near cash and units in collective investment schemes. Derivatives may be used for the purposes of efficient portfolio management.

Risk Profile

The Fund is exposed to movements in European stock markets and currency fluctuations which may cause the value of the Fund to fall or rise.

Fund Facts	
Fund Managers	Andreas Zoellinger & Alice Gaskell
Establishment Date	6 May 2011
Benchmark	FTSE All-World Europe Ex-UK Index
Assets Under Management	£104,926,057
Income Allocation Dates*	28 February, 31 May, 31 August & 30 November
Accounting Dates*	30 June & 31 December
* Please note the following provisions take effect from 29 July 2013: Income Allocation dates: 31 August 2013, 31 October 2013, and thereafter 31 January, 30 April, 31 July and 31 October each year. Annual Accounting date: 30 June 2013, and thereafter the last day of February each year. Interim Accounting dates: 31 August 2013, and thereafter 30 November, 31 May and 31 August each year.	

All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed. Changes in exchange rates may cause the value of an investment to fluctuate. For up-to-date prices and performance, please visit our website blackrock.co.uk.

Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

Ongoing Charges

The ongoing charges figures are based on expenses for the year ended 30 June 2013. These figures may vary from year to year.

Unit Class	30 June 2013	30 June 2012†
A Income	1.70%	1.83%
A Accumulation	1.70%	1.83%
D Income	0.95%	1.10%
D Accumulation	0.95%	1.10%

† The comparative ongoing charges figures are based on expenses for the period from 6 May 2011 to 30 June 2012 and have been annualised.

Portfolio Information

Risk and Reward Profile

	Lower risk Typically lower rewards				Higher risk Typically higher rewards			
A Income	1	2	3	4	5	6	7	
A Accumulation	1	2	3	4	5	6	7	
D Income	1	2	3	4	5	6	7	
D Accumulation	1	2	3	4	5	6	7	

- ▶ The risk indicator was calculated incorporating simulated historical data and may not be a reliable indication of the future risk profile of each unit class.
- ▶ The risk category shown is not guaranteed and may change over time.
- ▶ The lowest category does not mean risk free.

For more information on this, please see the Fund's Key Investor Information Documents (KIIDs), which are available at www.blackrock.com.

Five Largest Investments at 30 June 2013

	% of Fund Value
Roche	3.68
Unibail-Rodamco	3.61
Novartis	3.56
Sanofi	3.53
Ziggo	3.52

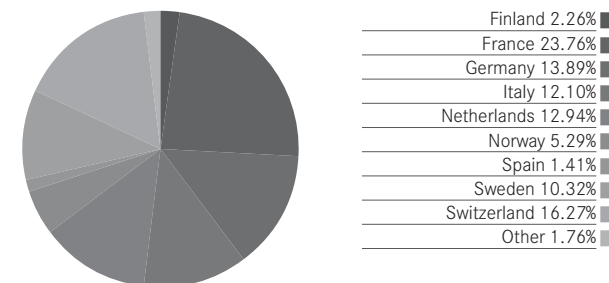
Five Largest Investments at 30 June 2012

	% of Fund Value
Ahold	3.65
Eni	3.34
Anheuser-Busch InBev	3.30
Atlantia	3.18
Bilfinger Berger	3.18

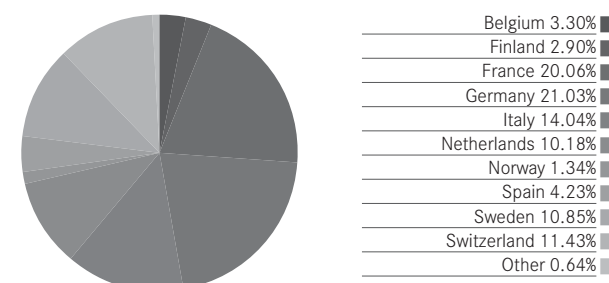
Report and Accounts

This report is to inform unitholders on the activities of the Fund during the reporting period, and the results of those activities at the end of the reporting period. For more information please contact the Manager. Copies of the Full Reports are available free of charge upon request from the BlackRock Investor Services Team on 0800 44 55 22.

Geographical Spread of Investments – 30 June 2013



Geographical Spread of Investments – 30 June 2012



Further Information

You can obtain further information on this Fund by contacting your Financial Adviser. Alternatively, for more details on this and other BlackRock® Funds, including up to date prices and performance, please contact BlackRock Investor Services on 0800 44 55 22 or visit blackrock.co.uk. For your protection, telephone calls are usually recorded. This Report relates to the packaged products of, and is issued by, the Manager and Registrar: BlackRock Fund Managers Limited, 12 Throgmorton Avenue, London EC2N 2DL. Authorised and regulated by the Financial Conduct Authority. Registered in England No. 1102517. Trustee*: The Royal Bank of Scotland plc, Trustee and Depositary Services, The Broadstone, 50 South Gyle Crescent, Edinburgh EH12 9UZ. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. BNY Mellon Trust & Depositary (UK) Limited, 160 Queen Victoria Street, London EC4V 4LA. Authorised and regulated by the Financial Conduct Authority. Auditor: Ernst & Young LLP, 1 More London Place, London SE1 2AF.

* With effect from 23 July 2012, the Royal Bank of Scotland plc retired as Trustee and BNY Mellon Trust & Depositary (UK) Limited was appointed as the new Trustee of the Fund. This appointment has led to a reduction in Trustee fees for the Fund. Investors need take no action in relation to this change.

Contact Details

Telephone 0800 44 55 22
Email uk.investor@blackrock.com
Website blackrock.co.uk

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