



ANNUAL SHORT REPORT

BLACKROCK UK SPECIAL SITUATIONS FUND

BLACKROCK®

For the period from 21 April 2013
to 28 February 2014

BlackRock UK Special Situations Fund

Changes in accounting and income allocation dates

As communicated in a letter to investors dated 28 May 2013, the Manager has changed the Fund's annual and interim accounting dates to the last day of February and 31 August respectively in order to consolidate the publication of annual and interim reports. This annual short report covers the shortened reporting period from 21 April 2013 to 28 February 2014. The period from 21 April 2013 to 31 August 2013 was commented on in the interim report to 31 August 2013. Additionally, the Fund's income allocation dates have changed. For further information, please refer to the most recent Prospectus.

Summary of Performance over the Period

The BlackRock UK Special Situations Fund rose by 16.5%* over the period from 21 April 2013 to 28 February 2014, outperforming the FTSE All-Share Index, which was up by 13.8%, but underperforming its benchmark, the IMA UK All Companies Sector Average, which rose by 20.2%. Over the six months to 28 February 2014, the Fund was up by 8.8%*, performing in line with the FTSE All-Share Index but underperforming the benchmark, which rose by 11.4%.

Fund Managers' Commentary

The Fund's underperformance relative to its benchmark is explained by a rally taking place over the period within more lowly-rated shares. Our investment style focuses principally on high-quality, less volatile growth companies and we remain comfortable with their performance.

Our holding in John Wood made the most significant negative impact of all our investments on relative returns amid concerns that its clients, large oil companies, are likely to rein back spending given their own cash flow problems. Blinkx suffered an extreme share price reaction after an online blogger questioned its advertising tactics, an allegation that the company strongly refutes. Business confidence in general remains relatively low and is impacting some businesses reliant on the level of corporate spending, such as Spirent Communications.

The largest positive contribution to performance came from Howden Joinery, which reported good trading results. Xaar held a capital markets day, outlining expansion plans and increased capacity, while Jupiter Fund Management reported a rise in profits and strong asset growth.

Over the last six months, core holdings in Howden Joinery, Ashtead, Booker and Bovis Homes all performed well, while AVEVA, John Wood and Spirent Communications had a detrimental effect on Fund returns.

Recent macroeconomic indicators from the developed world have been encouraging, with clear signs that the UK economy is beginning to improve and some signs of stabilisation in parts of Europe. However, this has been balanced by continued concerns over the outlook for emerging markets. We maintain an overall emphasis on well-established, well-financed companies that we believe are able to prosper in a relatively low-growth world.

March 2014

* 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.

Distributions Payable

A Income	The final distribution payable on 30 April 2014 is 2.5109p net per income unit (20 June 2013: 8.0128p net per income unit).
A Accumulation	The final accumulation distribution payable on 30 April 2014 is 4.2093p net per accumulation unit (20 June 2013: 13.3553p net per accumulation unit).
D Income	The final distribution payable on 30 April 2014 is 9.8004p net per income unit (20 June 2013: 14.2401p net per income unit).
D Accumulation	The final accumulation distribution payable on 30 April 2014 is 16.8277p net per accumulation unit (20 June 2013: 24.5949p net per accumulation unit).
X Income	The final distribution payable on 30 April 2014 is 17.0736p net per income unit (20 June 2013: 20.7310p net per income unit).

Performance Record

Capital (Unit Prices)

Calendar Year	A Income Units		A Accumulation Units		D Income Units [#]		D Accumulation Units [†]		X Income 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	Highest Offer Price p	Lowest Bid Price p
2014*	2,153	1,920	3,602	3,211	2,058	1,927	3,528	3,304	2,062	1,932
2013	2,121	1,671	3,547	2,761	2,026	1,675	3,473	2,817	2,030	1,676
2012	1,750	1,423	2,891	2,321	1,670	1,424	2,809	2,351	1,671	1,529
2011	1,730	1,269	2,799	2,053	1,640	1,266	2,690	2,075	N/A	N/A
2010	1,660	1,125	2,677	1,795	N/A	N/A	2,562	1,840	N/A	N/A
2009	1,251	779.7	1,997	1,221	N/A	N/A	N/A	N/A	N/A	N/A

* To 28 February. # D Income class commenced June 2011. † D Accumulation class commenced April 2010.

§ X Income class commenced September 2012.

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	X Income Units [§] Per Unit p
2014*	2.5109	4.2093	9.8004	16.8277	17.0736
2013	23.6892	39.5509	35.2283	60.1520	46.8123
2012	22.4965	36.7637	32.6296	58.1844	3.0416
2011	14.1627	22.9506	6.0873	39.4983	N/A
2010	13.3596	21.3949	N/A	17.2330	N/A
2009	17.9734	28.2725	N/A	N/A	N/A

* To 30 April. # D Income class commenced June 2011. † D Accumulation class commenced April 2010.

§ X Income class commenced September 2012.

Unit Price Summary

	Unit Price as at 28 February 2014	Unit Price as at 20 April 2013
A Income Units	2,033p	1,753p
A Accumulation Units	3,405p	2,909p
D Income Units	2,035p	1,754p
D Accumulation Units	3,505p	2,974p
X Income Units	2,034p	1,753p

Fund Information

Summary of Investment Objective and Policy

The BlackRock UK Special Situations Fund (the “Fund”) aims to achieve long-term capital growth for investors. The Fund invests primarily in the shares of companies incorporated or listed in the UK and will normally have an emphasis on small or medium sized companies. The Fund may also invest in collective investment schemes. Small and medium sized companies are those whose market capitalisation is lower than that of companies in the FTSE 100 Index at the time of the Fund's investment.

Risk Profile

The Fund is exposed to movements in UK stock markets which may cause the value of the Fund to fall or rise. It also invests in smaller companies which can be more unpredictable and difficult to buy and sell.

Fund Facts

Fund Managers	Richard Plackett & Roland Arnold
Establishment Date	27 January 1981
Benchmark	IMA UK All Companies Sector Average
Assets Under Management	£2,172,422,587
Income Allocation Dates	30 April & 31 October
Accounting Dates	Last day of February & 31 August

Ongoing Charges

The ongoing charges figures are based on expenses for the relevant period. These figures may vary from year to year.

Unit Class	21.4.2013 to 28.2.2014†	21.4.2012 to 20.4.2013
A Income	1.66%	1.67%
A Accumulation	1.66%	1.67%
D Income	0.91%	0.92%
D Accumulation	0.91%	0.92%
X Income	0.16%	0.17%#

† Ongoing charges figures are based on annualised expenses for the period ended 28 February 2014. # X Income class commenced September 2012. Ongoing charges figure is based on annualised expenses for the period ended 20 April 2013.

Risk and Reward Profile

	<div> <div>Lower risk</div> <div>Typically lower rewards</div> <div>Higher risk</div> <div>Typically higher rewards</div> </div>						
	1	2	3	4	5	6	7
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
X Income	1	2	3	4	5	6	7

The risk indicator was calculated incorporating historical or 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.

Portfolio Information

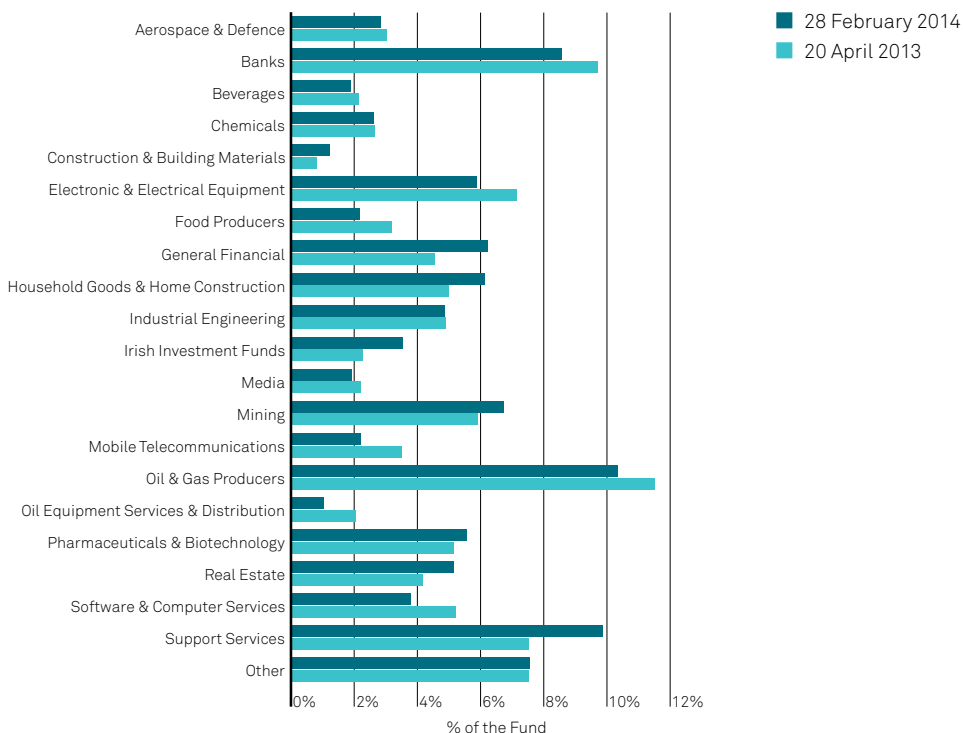
Five Largest Investments at 28 February 2014

	% of Fund Value
Royal Dutch Shell class 'B' shares	4.81
HSBC	4.20
GlaxoSmithKline	3.79
Rio Tinto	3.67
Institutional Cash Series plc – Sterling Liquidity Fund	3.54

Five Largest Investments at 20 April 2013

	% of Fund Value
HSBC	4.87
Royal Dutch Shell class 'B' shares	4.65
Rio Tinto	3.54
Vodafone	3.51
GlaxoSmithKline	3.20

Classification of Investments



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.

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**.

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: 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.

For more information

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