

BlackRock UK Smaller Companies Fund

Annual Short Report
to 25 August 2013

This Annual Short Report for the BlackRock UK Smaller Companies Fund covers the year to 25 August 2013, the first six months of which were commented on in the Interim Report to 25 February 2013.

Summary of Performance over the Period

We are pleased to report that the BlackRock UK Smaller Companies Fund outperformed its benchmark over the year to 25 August 2013, delivering a total return of 36.1%* compared to 30.2% for the Numis Smaller Companies plus AiM ex-Investment Trusts Index. Over the last six months of the year, the Fund returned 12.6%* and outperformed its benchmark index, which was up by 9.6%.

Fund Manager's Commentary

A key driver of outperformance over the year was the Fund's core holdings in what we believe are high quality growth companies. The largest positive contributor to relative returns was world-leading digital inkjet print head producer Xaar, which delivered excellent profit growth as the adoption of digital printing in the ceramics and labelling industries drove exceptional demand for its products.

Growing confidence in a UK housing market recovery, fuelled by the Government's announcement of additional measures to help mortgage financing, was to the benefit of the Fund's positions in Bovis Homes and Howden Joinery. Other positive contributors included property provider Workspace, fund manager Polar Capital and fashion designer Ted Baker. Detractors from performance included Wolfson Microelectronics, SDL and Andor Technology.

Despite market nervousness around an ending to 'Quantitative Easing' in the US, we draw encouragement from the underlying momentum building in the economy, which will feed into the global economy. Business confidence remains lacklustre but with cash rich balance sheets we can be confident of a recovery in time.

September 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*	484.0	372.3	618.4	475.5	464.9	373.0	600.4	481.7
2012	395.2	292.9	504.8	373.7	377.1	347.1	487.0	375.7
2011	378.8	280.0	482.3	357.3	N/A	N/A	460.1	357.9
2010	357.7	228.4	455.4	288.8	N/A	N/A	N/A	N/A
2009	253.1	159.7	320.2	200.7	N/A	N/A	N/A	N/A
2008	296.4	163.0	371.2	204.6	N/A	N/A	N/A	N/A

* To 25 August. # D Income class commenced October 2012.

† D Accumulation class commenced June 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*	0.8589	1.1003	3.5280	4.3918
2012	0.4708	0.6017	N/A	3.6838
2011	0.5436	0.6898	N/A	0.6989
2010	1.7052	2.1586	N/A	N/A
2009	1.6664	2.0933	N/A	N/A
2008	0.5011	0.6276	N/A	N/A

* To 25 October. # D Income class commenced October 2012.

† D Accumulation class commenced June 2011.

Unit Price Summary

	Unit Price as at 25 August 2013	Unit Price as at 25 August 2012
A Income Units	449.6p	330.8p
A Accumulation Units	575.6p	422.7p
D Income Units*	450.0p	N/A
D Accumulation Units	585.9p	426.9p

D Income class commenced October 2012.

A Income

The final distribution payable on 25 October 2013 is 0.8589p net per income unit (25 October 2012: 0.4708p net per income unit).

A Accumulation

The final accumulation payable on 25 October 2013 is 1.1003p net per accumulation unit (25 October 2012: 0.6017p net per accumulation unit).

D Income#

The final distribution payable on 25 October 2013 is 3.5280p net per income unit (25 October 2012: N/A).

D Accumulation Units

The final accumulation payable on 25 October 2013 is 4.3918p net per accumulation unit (25 October 2012: 3.6838p net per accumulation unit).

D Income class commenced October 2012.

The aim of the BlackRock UK Smaller Companies Fund (the “Fund”) is to achieve long-term capital growth for investors. The Fund invests primarily in the shares of smaller companies incorporated or listed in the UK which we consider to have above-average growth prospects. The Fund may also invest in collective investment schemes. Smaller companies are those whose market capitalisations are similar to that of companies in the Numis Smaller Companies plus AiM ex-Investment Trusts Index at the time of the Fund’s investment.

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

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.

Ongoing Charges

The ongoing charges figures are based on the expenses for the year ended 25 August 2013. These figures may vary from year to year.

Unit Class	25 August 2013	25 August 2012
A Income	1.67%	1.68%
A Accumulation	1.67%	1.68%
D Income#	0.92%	N/A
D Accumulation	0.92%	0.93%

D Income class commenced October 2012. Ongoing charges figure based on annualised expenses for the period ended 25 August 2013.

Risk and Reward Profile

- ▶ 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.

	% of Fund Value
Bellway	2.60
Ted Baker	2.57
Workspace	2.35
Senior	2.29
Jupiter Fund Management	2.28

	% of Fund Value
Institutional Cash Series plc – Sterling Liquidity Fund	3.85
Senior	2.70
Howden Joinery	2.51
Aveva	2.48
Workspace	2.39

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.

Sector	25 August 2013 (%)	25 August 2012 (%)
Aerospace & Defence	3.2	3.0
Chemicals	5.0	5.8
Electronic & Electrical Equipment	7.2	7.8
Financial Services	4.8	1.0
Food & Drug Retailers	2.5	4.0
General Financial	3.5	2.5
General Retailers	7.5	8.0
Household Goods & Home Construction	5.5	4.8
Industrial Engineering	2.0	1.8
Media	5.0	3.8
Mining	1.5	2.5
Mobile Telecommunications	1.2	1.2
Oil & Gas Producers	3.8	6.0
Pharmaceuticals & Biotechnology	3.2	3.8
Real Estate	6.8	3.5
Software & Computer Services	10.2	11.0
Support Services	9.2	9.5
Travel & Leisure	5.8	3.8
Other	6.8	10.0

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.

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

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