

ANNUAL SHORT REPORT
BLACKROCK US DYNAMIC FUND

BLACKROCK®

For the period from 11 November 2012
to 28 February 2014

BlackRock US Dynamic 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 extended reporting period from 11 November 2012 to 28 February 2014. The period from 11 November 2012 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 US Dynamic Fund rose by 31.5%* over the period from 11 November 2012 to 28 February 2014, underperforming its benchmark, the Russell 1000 Index, which was up by 33.2%. Over the six months to 28 February 2014, the Fund was up by 7.6%*, outperforming the benchmark, which rose by 6.8%.

Fund Manager's Commentary

US equities moved higher over the period, largely unscathed by ongoing political and economic uncertainty. Cyclical sectors (which are typically more sensitive to the economic environment) outperformed the broader market by a large margin. At the same time, more defensive sectors lagged, proving highly advantageous for the Fund.

The Fund's performance over the period was negatively affected by market movements between the Fund's mid-day valuation point and the market close (the benchmark's valuation point) on 28 February 2014.

From a portfolio standpoint, negative contributors to returns included the Fund's holdings in the information technology sector (especially within hardware, storage and peripherals) and healthcare (lack of exposure to the strong-performing biotechnology industry). Positive contributors to relative performance included the Fund's intentional underweight exposure to defensive segments of the market that we believed were expensive, such as Real Estate Investment Trusts, consumer staples, utilities and telecommunications companies. Holdings in the industrials and materials sectors also proved positive, led by airlines and containerboard manufacturers.

Underperformance over the last six months was driven by similar positive factors, most notably our underweight exposure to defensive sectors and overweight exposure to airlines and containerboard manufacturers. The Fund's overweight in CVS Caremark, a retailer and healthcare company, also helped. Conversely, the information technology and financials sectors negatively affected returns.

Activity over the period included significantly increasing the Fund's exposure to the financials sector and also adding to our holdings in industrials and healthcare. We reduced the weighting in consumer staples, as well as in energy and utilities.

Despite the return of market volatility, underlying corporate fundamentals remain constructive. This, coupled with an improving economic outlook in Europe and intact growth trajectory for the US economy, should allow for further, if more measured, equity market appreciation.

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 unit class recorded a net revenue shortfall for the period to 28 February 2014. Accordingly no distribution was payable (10 January 2013: 0.9133p net per income unit). |
| A Accumulation | The unit class recorded a net revenue shortfall for the period to 28 February 2014. Accordingly no accumulation distribution was payable (10 January 2013: 0.9763p net per accumulation unit). |
| D Income | The final distribution payable on 30 April 2014 is 4.1272p net per income unit (10 January 2013: 0.2132p net per income unit). |
| D Accumulation | The final accumulation distribution payable on 30 April 2014 is 4.5666p net per accumulation unit (10 January 2013: 0.2281p net per accumulation unit). |

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 |
| 2014* | 714.8 | 636.0 | 766.1 | 681.6 | 687.2 | 642.3 | 735.4 | 687.1 |
| 2013 | 696.1 | 518.4 | 746.1 | 555.5 | 668.9 | 519.1 | 715.8 | 555.4 |
| 2012 | 563.8 | 479.0 | 603.2 | 512.4 | 532.1 | 493.6 | 569.3 | 528.2 |
| 2011 | 550.5 | 400.2 | 588.8 | 428.1 | N/A | N/A | N/A | N/A |
| 2010 | 506.2 | 389.4 | 541.5 | 416.6 | N/A | N/A | N/A | N/A |
| 2009 | 454.4 | 303.7 | 486.1 | 324.8 | N/A | N/A | N/A | N/A |

* To 28 February. # D Income and D Accumulation classes commenced October 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 |
|---------------|---------------------------|---------------------------------|----------------------------|----------------------------------|
| 2014* | 0.0000 | 0.0000 | 4.1272 | 4.5666 |
| 2013 | 0.9133 | 0.9763 | 0.2132 | 0.2281 |
| 2012 | 0.0000 | 0.0000 | N/A | N/A |
| 2011 | 0.0000 | 0.0000 | N/A | N/A |
| 2010 | 0.1820 | 0.1946 | N/A | N/A |
| 2009 | 0.0000 | 0.0000 | N/A | N/A |

* To 30 April. # D Income and D Accumulation classes commenced October 2012.

Unit Price Summary

| | Unit Price as at 28 February 2014 | Unit Price as at 10 November 2012 |
|----------------------|-----------------------------------|-----------------------------------|
| A Income Units | 661.2p | 506.1p |
| A Accumulation Units | 708.7p | 542.4p |
| D Income Units | 664.0p | 506.9p |
| D Accumulation Units | 714.8p | 541.8p |

Fund Information

Summary of Investment Objective and Policy

The BlackRock US Dynamic 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 United States which we consider exhibit either growth or value investment characteristics, placing an emphasis as the market outlook warrants. The Fund may also invest in collective investment schemes.

Risk Profile

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

Fund Facts

| | |
|-------------------------|----------------------------------|
| Fund Manager | Peter Stournaras |
| Establishment Date | 1 December 1982 |
| Benchmark | Russell 1000 Index |
| Assets Under Management | £70,379,501 |
| Income Allocation Date | 30 April |
| 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 | 11.11.2012 to 28.2.2014† | 11.11.2011 to 10.11.2012 |
|----------------|--------------------------|--------------------------|
| A Income | 1.68% | 1.69% |
| A Accumulation | 1.68% | 1.69% |
| D Income | 0.93% | 0.94%# |
| D Accumulation | 0.93% | 0.94%# |

† Ongoing charges figures are based on annualised expenses for the period ended 28 February 2014. # D Income and D Accumulation classes commenced October 2012. Ongoing charges figures are based on annualised expenses for the period ended 10 November 2012.

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 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 (KIID), which are available at www.blackrock.com.

Portfolio Information

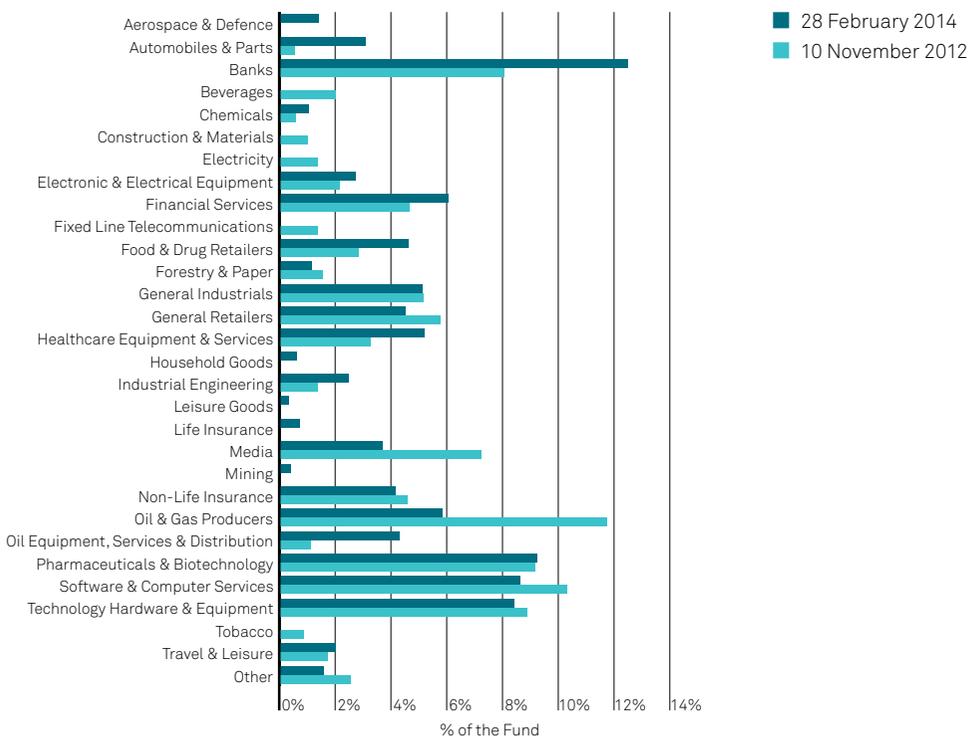
Five Largest Investments at 28 February 2014

| | % of Fund Value |
|--------------------------|-----------------|
| Google class 'A' shares | 3.82 |
| JP Morgan Chase | 3.13 |
| Bank of America | 2.86 |
| Comcast class 'A' shares | 2.83 |
| CVS Caremark | 2.81 |

Five Largest Investments at 10 November 2012

| | % of Fund Value |
|-------------------------|-----------------|
| Apple | 4.82 |
| Exxon Mobil | 4.20 |
| Google class 'A' shares | 3.48 |
| JP Morgan Chase | 3.31 |
| Wal-Mart Stores | 2.99 |

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](https://www.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](https://www.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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