



## ANNUAL SHORT REPORT

BLACKROCK BALANCED MANAGED FUND

**BLACKROCK®**

For the period from 1 February 2013  
to 28 February 2014

# BlackRock Balanced Managed 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 1 February 2013 to 28 February 2014. The period from 1 February 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 Balanced Managed Fund achieved a positive return of 9.8%\* over the period from 1 February 2013 to 28 February 2014 but regrettably underperformed its composite benchmark, which was up by 12.3%.

The Fund's equity investments underperformed the equity component of the benchmark, with the Fund's currency positioning also detracting from returns.

## Fund Manager's Commentary

Most assets generated gains in 2013, despite some evidence of a slowdown in economic momentum towards the end of the first quarter. Markets then endured a sharp reversal amid fears over US Federal Reserve (Fed) tapering and further evidence of weakness in China. Emerging market equities fared poorly, underperforming their developed market counterparts. Fixed income assets that are more sensitive to interest rates weakened in 2013, but rebounded in 2014 as investor confidence improved.

Despite delivering a positive total return, the Fund's equity investments underperformed the equity component of the benchmark which affected the Fund's overall performance. The currency overlay portfolio was also detrimental. This position was closed at the beginning of the second quarter. On a positive note, having an underweight allocation to fixed income proved beneficial, as more interest rate sensitive assets underperformed for the majority of the period. Positive contributions to returns came from tactical equity allocations such as those to the Japanese index and European banks, partially offsetting negative contributors to fund performance.

During the reporting period we actively managed the Fund's risk. As market uncertainty picked up, activity focused on taking profits from existing positions and reducing portfolio risk. We reduced risk using equity index futures and hedges. As market risk waned further into the reported period, we increased the Fund's exposure to equities. We closely managed opportunities in markets. For example, we moved into more attractive areas within fixed income, selling our positions in German bonds to move into Italian government bonds.

Looking forward, the improving US and European economic data signifies ongoing progress and continues to push markets higher. We are constructive on equities given relatively fair valuations and wide equity risk premium. However, we need to see earnings growth for this momentum to continue. We expect the Fed's policy to remain supportive over an extended period of time. Broadly, we view growth in emerging markets as more challenged.

## 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.

## Distribution Payable

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<b>A Accumulation</b>	The final accumulation distribution payable on 30 April 2014 is 0.2342p net per accumulation unit (31 March 2013: 0.5362p net per accumulation unit).
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# Performance Record

## Capital (Unit Prices)

Calendar Year	A Accumulation Units	
	Highest Offer Price p	Lowest Bid Price p
2014*	157.2	141.3
2013	154.3	129.8
2012	136.1	115.4
2011	137.2	107.2
2010	134.4	106.3
2009	118.4	76.49

\* To 28 February.

## Income (Net Accumulations)

Calendar Year	A Accumulation Units Per Unit p
2014*	0.2342
2013	1.2404
2012	1.5148
2011	0.5331
2010	0.6634
2009	1.5710

\* To 30 April.

## Unit Price Summary

	Unit Price as at 28 February 2014	Unit Price as at 31 January 2013
A Accumulation Units	148.2p	134.6p

# Fund Information

## Summary of Investment Objective and Policy

The BlackRock Balanced Managed Fund (the “Fund”) seeks to achieve a total return by investment mainly in a global portfolio of equities and fixed interest securities with an emphasis on the UK.

## Risk Profile

The Fund invests in a number of different asset classes as described in the objective. As a result, it will be exposed to movements in global stock markets, changes in interest rates, currency fluctuations and credit worthiness of debt issuers.

## Fund Facts

Fund Manager	Andy Warwick
Establishment Date	21 June 2005
Benchmark	55% FTSE All-Share Index, 25% FTSE World ex-UK Index & 20% Merrill Lynch 1-15 Year UK Broad Index
Assets Under Management	£512,157,917
Income Allocation Dates	30 April & 31 October
Accounting Dates	Last day of February & 31 August

## Ongoing Charges

The ongoing charges figure is based on expenses for the relevant period. This figure may vary from year to year.

Unit Class	1.2.2013 to 28.2.2014†	1.2.2012 to 31.1.2013
A Accumulation	1.57%	1.58%

† Ongoing charges figure is based on annualised expenses for the period ended 28 February 2014.

## Risk and Reward Profile

	Lower risk Typically lower rewards							Higher risk Typically higher rewards	
	←							→	
A 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 the 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](http://www.blackrock.com). During the period, the risk indicator of the unit class changed from level 6 to 5 due to a decline in market volatility.

# Portfolio Information

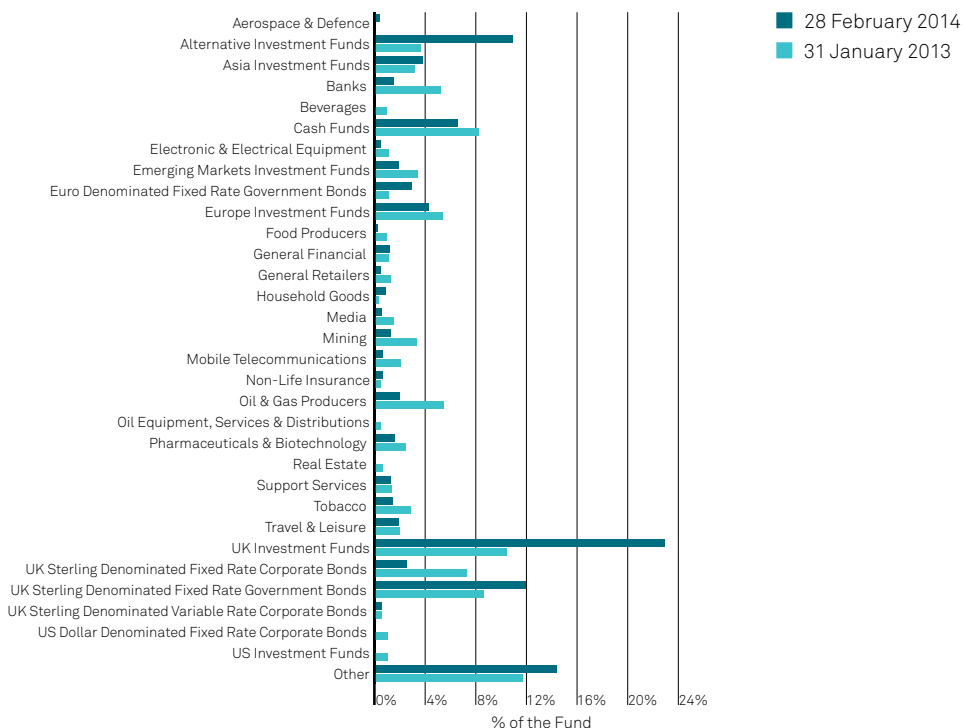
## Five Largest Investments at 28 February 2014

	% of Fund Value
BlackRock UK Special Situations Fund	10.89
BlackRock Index Selection Fund	7.13
BlackRock UK Smaller Companies Fund	6.82
Institutional Cash Series plc – Sterling Liquidity Fund	6.59
Treasury 1.25% Stock 22/7/2018	5.35

## Five Largest Investments at 31 January 2013

	% of Fund Value
BlackRock UK Special Situations Fund	8.88
Institutional Cash Series plc – Sterling Liquidity Fund	8.23
BlackRock Continental European Fund	4.71
Claris IV 0% Medium Term Notes 7/2/2017	4.46
HSBC	2.55

## 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](https://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**

0800 44 55 22

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