



## ANNUAL SHORT REPORT

BLACKROCK EUROPEAN DYNAMIC FUND

**BLACKROCK®**

For the period from 1 March 2013  
to 28 February 2014

# BlackRock European 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 annual and interim accounting dates of all BlackRock Fund Managers Limited retail authorised unit trust schemes in order to consolidate the publication of annual and interim reports. The changes in accounting dates have had no impact on the Fund. This annual short report covers the period from 1 March 2013 to 28 February 2014. The period from 1 March 2013 to 31 August 2013 was commented on in the interim report to 31 August 2013.

## Summary of Performance over the Period

The BlackRock European Dynamic Fund rose by 18.7%\* over the period from 1 March 2013 to 28 February 2014, outperforming its benchmark, the FTSE World Europe ex UK Index, which was up by 15.4%. Over the six months to 28 February 2014, the Fund was up by 15.5%\*, outperforming the benchmark, which rose by 11.3%.

## Fund Manager's Commentary

Last year started strongly, supported by a combination of a benign political environment, relative valuation support and investors coming back into the market. However, political instability later returned, although even with these worries, the market rose until the first signs that the US Federal Reserve (the Fed) was considering reducing or 'tapering' the amount it was spending in support of its economy temporarily derailed it at the end of May. Domestic European and peripheral stocks then staged a strong recovery, with value stocks outperforming growth companies for the first time in four years. Consequently, over the calendar year 2013, the market delivered its best return since 2009.

At the sector level, an underweight exposure to the oil & gas sector was particularly beneficial for the Fund, while an overweight position in consumer services companies also worked well. However, the Fund's underweight exposure to the utilities and financials sectors detracted from performance. Stock selection within consumer goods was the largest positive contributor, helped by strong returns from German auto parts supplier Continental and Danish jeweller Pandora. On the negative side, stock selection within the consumer services sector hindered performance, with returns from Jeronimo Martins and Paddy Power particularly weak.

Over the last six months under review, the underweight exposure to oil & gas remained beneficial for the Fund, while strong stock selection within consumer goods was again the largest positive contributor.

In terms of activity over the period, the Fund reduced its significant positions in growth companies exposed to emerging markets, reinvesting the proceeds in domestically-exposed cyclical value stocks. This began amid signs of a recovery in Europe and as speculation over the timing of the Fed's tapering started to hinder the performance of emerging market equities.

Looking to the future, given that public policy and political uncertainties have eased and that the eurozone has passed the peak of austerity measures, we believe that equity markets will gain in 2014.

## 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

<b>A Income</b>	The final distribution payable on 30 April 2014 is 0.2024p net per income unit (30 April 2013: 1.6715p net per income unit).
<b>A Accumulation</b>	The final accumulation distribution payable on 30 April 2014 is 0.2089p net per accumulation unit (30 April 2013: 1.7338p net per accumulation unit).
<b>D Income</b>	The final distribution payable on 30 April 2014 is 2.6445p net per income unit (30 April 2013: 0.8898p net per income unit).
<b>D Accumulation</b>	The final accumulation distribution payable on 30 April 2014 is 2.7867p net per accumulation unit (30 April 2013: 3.5981p net per accumulation unit).
<b>FA Income<sup>^</sup></b>	The unit class recorded a net revenue shortfall for the period to 28 February 2014. Accordingly no distribution was payable.
<b>FA Accumulation<sup>^</sup></b>	The unit class recorded a net revenue shortfall for the period to 28 February 2014. Accordingly no accumulation distribution was payable.
<b>FD Income<sup>^</sup></b>	The unit class recorded a net revenue shortfall for the period to 28 February 2014. Accordingly no distribution was payable.
<b>FD Accumulation<sup>^</sup></b>	The unit class recorded a net revenue shortfall for the period to 28 February 2014. Accordingly no accumulation distribution was payable.

<sup>^</sup> FA Income, FA Accumulation, FD Income and FD Accumulation classes commenced November 2013.

# Performance Record

## Capital (Unit Prices)

Calendar Year	A Income Units		A Accumulation Units		D Income Units <sup>#</sup>		D Accumulation Units <sup>†</sup>		FA Income Units <sup>^</sup>		FA Accumulation Units <sup>^</sup>		FD Income Units <sup>^</sup>		FD Accumulation Units <sup>^</sup>	
	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	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*	381.5	337.8	397.1	351.6	365.9	340.0	386.1	358.7	113.2	100.4	113.2	100.4	113.6	100.6	113.6	100.6
2013	365.5	276.8	380.4	286.5	350.0	275.9	369.3	289.9	108.5	97.99	108.5	97.99	108.6	98.01	108.6	97.99
2012	290.4	217.7	300.5	224.3	275.5	249.6	289.6	225.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011	293.7	198.8	302.2	204.5	N/A	N/A	288.1	205.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	279.8	109.7	287.4	195.9	N/A	N/A	273.0	194.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2009	234.8	116.8	240.7	119.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* To 28 February. <sup>#</sup> D Income class commenced October 2012. <sup>†</sup> D Accumulation class commenced February 2010.

<sup>^</sup> FA Income, FA Accumulation, FD Income and FD Accumulation classes commenced November 2013.

## Income (Net Distributions/Net Accumulations)

Calendar Year	A Income Units Per Unit p	A Accumulation Units Per Unit p	D Income Units <sup>#</sup> Per Unit p	D Accumulation Units <sup>†</sup> Per Unit p	FA Income Units <sup>^</sup> Per Unit p	FA Accumulation Units <sup>^</sup> Per Unit p	FD Income Units <sup>^</sup> Per Unit p	FD Accumulation Units <sup>^</sup> Per Unit p
2014*	0.2024	0.2089	2.6445	2.7867	0.0000	0.0000	0.0000	0.0000
2013	1.6715	1.7338	0.8898	3.5981	N/A	N/A	N/A	N/A
2012	1.4371	1.4799	N/A	3.3338	N/A	N/A	N/A	N/A
2011	0.3245	0.3349	N/A	2.0986	N/A	N/A	N/A	N/A
2010	0.4959	0.5083	N/A	N/A	N/A	N/A	N/A	N/A
2009	1.7494	1.7686	N/A	N/A	N/A	N/A	N/A	N/A

\* To 30 April. <sup>#</sup> D Income class commenced October 2012. <sup>†</sup> D Accumulation class commenced February 2010.

<sup>^</sup> FA Income, FA Accumulation, FD Income and FD Accumulation classes commenced November 2013.

## Unit Price Summary

	Unit Price as at 28 February 2014	Unit Price as at 28 February 2013
A Income Units	364.4p	305.7p
A Accumulation Units	379.4p	318.1p
D Income Units	364.5p	305.8p
D Accumulation Units	387.3p	322.3p
FA Income Units <sup>^z</sup>	108.3p	N/A
FA Accumulation Units <sup>^z</sup>	108.3p	N/A
FD Income Units <sup>^z</sup>	108.6p	N/A
FD Accumulation Units <sup>^z</sup>	108.6p	N/A

<sup>^</sup> FA Income, FA Accumulation, FD Income and FD Accumulation classes commenced November 2013. <sup>z</sup> Please note that from 7 November 2013, Class A and D units have been subject to limited issue arrangements. Please refer to the Fund's Prospectus for details.

# Fund Information

## Summary of Investment Objective and Policy

The BlackRock European 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 Europe excluding the UK 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 European stock markets and currency fluctuations which may cause the value of the Fund to fall or rise.

## Fund Facts

Fund Manager	Alister Hibbert
Establishment Date	14 August 2000
Benchmark	FTSE World Europe ex UK Index
Assets Under Management	£2,067,665,134
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	1.3.2013 to 28.2.2014	1.3.2012 to 28.2.2013
A Income	1.66%	1.67%
A Accumulation	1.66%	1.67%
D Income	0.91%	0.92%#
D Accumulation	0.91%	0.92%
FA Income^	1.66%	N/A
FA Accumulation^	1.66%	N/A
FD Income^	0.91%	N/A
FD Accumulation^	0.91%	N/A

# D Income class commenced October 2012. Ongoing charges figure is based on annualised expenses for the period ended 28 February 2013. ^ FA Income, FA Accumulation, FD Income and FD Accumulation classes commenced November 2013. Ongoing charges figures are based on annualised expenses for the period ended 28 February 2014.

## Risk and Reward Profile

	<div> <div>Lower risk</div> <div>Typically lower rewards</div> <div>Higher risk</div> <div>Typically higher rewards</div> </div>						
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
FA Income	1	2	3	4	5	6	7
FA Accumulation	1	2	3	4	5	6	7
FD Income	1	2	3	4	5	6	7
FD 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](http://www.blackrock.com).

# Portfolio Information

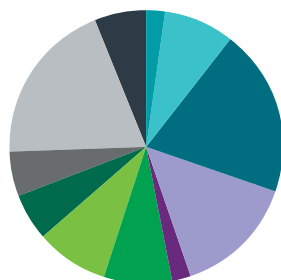
## Five Largest Investments at 28 February 2014

	% of Fund Value
Roche	6.43
Bayer	4.41
Novo Nordisk	4.07
Deutsche Post	3.13
Continental	3.03

## Five Largest Investments at 28 February 2013

	% of Fund Value
Novo Nordisk	6.00
Compagnie Financiere Richemont	5.73
Inditex	3.72
Société Générale	3.61
Pernod-Ricard	3.40

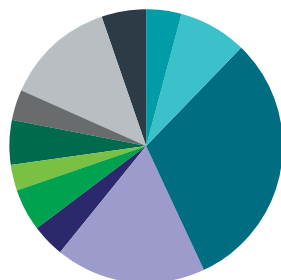
## Geographical Spread of Investments – 28 February 2014



Belgium 2.27%  
 Denmark 8.34%  
 France 19.86%  
 Germany 14.31%  
 Greece 2.31%  
 Italy 8.17%

Netherlands 8.66%  
 Spain 5.49%  
 Sweden 5.27%  
 Switzerland 19.26%  
 Other 6.06%

## Geographical Spread of Investments – 28 February 2013



Belgium 4.43%  
 Denmark 7.80%  
 France 31.05%  
 Germany 17.66%  
 Ireland 3.87%  
 Italy 5.19%

Netherlands 2.94%  
 Spain 5.37%  
 Sweden 3.63%  
 Switzerland 13.06%  
 Other 5.00%

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**

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