

BlackRock Cautious Portfolio Fund

Annual Short Report
to 25 May 2013

This Annual Short Report for the BlackRock Cautious Portfolio Fund covers the year to 25 May 2013, the first six months of which were commented on in the Interim Report to 25 November 2012.

Summary of Performance over the Period

The BlackRock Cautious Portfolio Fund rose by 11.7%* over the twelve month period to 25 May 2013. During the same period the UK Base Rate appreciated by 0.5%. During the six month period from 26 November 2012, the Fund rose by 6.8%*, compared to the 0.2% increase of the UK Base Rate.

Fund Manager's Commentary

The Fund was positioned defensively at the beginning of the period, with fixed income and cash accounting for over 50% of our portfolio, which reduced volatility and aided relative returns. In the second half of 2012, the reduction of our cash holding in favour of equities also benefited performance. By late summer, amid signs of the green shoots of recovery, we had positioned the portfolio to take advantage of the more 'risk on' attitude.

As volatility returned in April and May, our exposure to alternatives such as hedge funds and volatility strategies reduced the market's impact on Fund returns.

Recent concerns over weak macroeconomic indicators do not look significant enough to derail our central scenario of fragmented growth. Whilst the continued deterioration in the macro backdrop in Europe gives us cause for concern, we believe that strong European Central Bank action over the past year has reduced negative risks. Within emerging markets, the recent loosening of monetary policy by China, India and Brazil looks to have ended and we are concerned how this will impact these markets going forward. As such, we remain cautious given the expectation of volatility in Chinese growth data and a resilient US dollar.

June 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		X 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	Highest Offer Price p	Lowest Bid Price p
2013*	119.3	108.9	129.1	117.9	125.2	117.5	115.2	108.2	124.7	117.2
2012	112.6	102.0	121.9	110.2	117.7	113.9	108.4	104.9	117.4	113.6
2011	114.3	101.4	120.6	108.4	N/A	N/A	N/A	N/A	N/A	N/A
2010	111.3	97.12	117.4	102.4	N/A	N/A	N/A	N/A	N/A	N/A
2009	102.8	82.90	108.4	86.34	N/A	N/A	N/A	N/A	N/A	N/A
2008	108.6	82.05	110.9	85.44	N/A	N/A	N/A	N/A	N/A	N/A

* To 25 May. # X Accumulation class commenced October 2012.

§ D Income and D Accumulation classes commenced November 2012.

Income (Net Distributions/Net Accumulations)

Calendar Year	A Income Units Per Unit p	A Accumulation Units Per Unit p	X Accumulation Units* Per Unit p	D Income Units§ Per Unit p	D Accumulation Units§ Per Unit p
2013*	1.1014	1.1903	1.3456	0.7115	0.7645
2012	1.3196	1.4098	N/A	N/A	N/A
2011	1.2968	1.3994	N/A	N/A	N/A
2010	0.1213	0.1279	N/A	N/A	N/A
2009	1.0908	1.1359	N/A	N/A	N/A
2008	1.9206	1.9632	N/A	N/A	N/A

* To 25 July. # X Accumulation class commenced October 2012.

§ D Income and D Accumulation classes commenced November 2012.

Unit Price Summary

	Unit Price as at 25 May 2013	Unit Price as at 25 May 2012
A Income Units	112.9p	102.2p
A Accumulation Units	123.4p	110.6p
X Accumulation Units*	123.5p	N/A
D Income Units§	112.8p	N/A
D Accumulation Units§	122.9p	N/A

X Accumulation class commenced October 2012.

§ D Income and D Accumulation classes commenced November 2012.

A Income

The final distribution payable on 25 July 2013 is 1.1014p net per income unit (25 July 2012: 1.3196p net per income unit).

A Accumulation

The final accumulation payable on 25 July 2013 is 1.1903p net per accumulation unit (25 July 2012: 1.4098p net per accumulation unit).

X Accumulation*

The final accumulation payable on 25 July 2013 is 1.3456p net per accumulation unit (25 July 2012: N/A).

D Income§

The final distribution payable on 25 July 2013 is 0.7115p net per income unit (25 July 2012: N/A).

D Accumulation§

The final accumulation payable on 25 July 2013 is 0.7645p net per accumulation unit (25 July 2012: N/A).

X Accumulation class commenced October 2012.

§ D Income and D Accumulation classes commenced November 2012.

To deliver over the medium term a total return, in the form of capital growth and income, which exceeds the Bank of England's Base Interest Rate.

The Fund intends to utilise derivatives although the strategies employed will be equivalent to those permitted for efficient portfolio management techniques and are not intended to increase the risk profile of the Fund. It may also hold indirect exposure to alternative asset classes such as commodities or property.

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 stockmarkets, changes in interest rates, currency fluctuations and credit worthiness of debt issuers.

Fund Facts	
Fund Manager	Adam Ryan
Establishment Date	30 June 2006
Benchmark	UK Base Rate
Assets Under Management	£1,405,119,666
Income Allocation Date	25 July
Accounting Dates	25 May & 25 November


Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

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

Unit Class	25 May 2013
A Income	1.36%
A Accumulation	1.36%
X Accumulation ^{# ^}	0.11%
D Income ^{\$ ^}	0.76%
D Accumulation ^{\$ ^}	0.76%

[^] Ongoing charges figures based on annualised expenses for the period ended 25 May 2013.

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	
X 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 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.

Five Largest Investments at 25 May 2013

	% of Fund Value
Institutional Cash Series plc – Sterling Liquidity Fund	18.46
BlackRock Global Funds – Corporate Bond	4.24
Germany (Republic) 1.5% Bonds 15/2/2023	3.88
BlackRock Global Funds – Emerging Markets	3.87
BlackRock Global Funds – Asian Dragon	2.20

	% of Fund Value
Institutional Cash Series plc – Sterling Liquidity Fund	19.64
BlackRock Global Funds – Corporate Bond	5.99
Goldman Sachs Global High Yield Fund	4.12
Treasury 5.25% Stock 7/6/2012	2.56
BlackRock Strategic Funds – European Credit Strategies	2.10

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.

Category	25 May 2013 (%)	25 May 2012 (%)
Bonds	21	17
Derivatives	1	0
Equities	14	16
Investment Funds	42	48
Other	10	7

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*: The Royal Bank of Scotland plc, Trustee and Depositary Services, The Broadstone, 50 South Gyle Crescent, Edinburgh EH12 9UZ. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. 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.

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