

BlackRock Emerging Markets Fund

Annual Short Report
to 31 May 2013

This Annual Short Report for the BlackRock Emerging Markets Fund covers the year to 31 May 2013, the first six months of which were commented on in the Interim Report to 30 November 2012.

Summary of Performance over the Period

The BlackRock Emerging Markets Fund returned 17.6%* over the twelve month period to 31 May 2013, outperforming its benchmark, the MSCI Emerging Markets Index, by 1.4%. Similarly over the last six months of the reporting period, the Fund rose by 8%* outperforming its benchmark which was up 7.2%.

Fund Managers' Commentary

The Fund's outperformance was mostly driven by stock selection. The largest single contributor was the overweight position in Russian retailer Magnit, whose shares more than doubled in value during the period. Magnit continues to extend its store roll out and saw its profit margins increase. Macau casino operator Sands China, and Indian bank, Yes Bank, also rose strongly. In terms of allocation, the overweight exposure to Turkey and the zero exposure to utilities both added to relative performance.

The biggest detractor from fund performance over the year was our holding in Brazilian oil and gas producer OGX, which fell on disappointing drilling results. The position has since been sold. Korean pharmaceutical company Celltrion also fell back on the announcement of a planned share sale by its chairman.

There were no major changes to the Fund's sector allocation, but at a country level we increased our exposure to Brazil, taking it to overweight, while our exposure to South Africa was reduced.

We believe that the Fund is well positioned with an overweight exposure in selective information technology companies, as well as some attractively valued consumer stocks. We are underweight in the energy sector, where increasing supply from new sources could limit equity returns in our view.

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 | | 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* | 377.0 | 328.2 | 406.0 | 353.5 | 358.0 | 326.8 | 391.8 | 357.7 |
| 2012 | 350.1 | 281.8 | 373.5 | 301.8 | 324.3 | 299.4 | 357.9 | 304.0 |
| 2011 | 374.1 | 267.8 | 398.0 | 285.8 | N/A | N/A | 370.6 | 286.4 |
| 2010 | 367.7 | 268.2 | 391.3 | 284.5 | N/A | N/A | N/A | N/A |
| 2009 | 310.5 | 151.3 | 329.4 | 159.6 | N/A | N/A | N/A | N/A |
| 2008 | 309.4 | 131.3 | 326.3 | 138.5 | N/A | N/A | N/A | N/A |

* To 31 May. # 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* | 1.6156 | 1.7397 | 1.4897 | 3.8400 |
| 2012 | 2.6519 | 2.8353 | N/A | 4.7299 |
| 2011 | 0.8879 | 0.9604 | N/A | N/A |
| 2010 | 0.8996 | 0.9543 | N/A | N/A |
| 2009 | 1.2997 | 1.3708 | N/A | N/A |
| 2008 | 0.0071 | 0.0075 | N/A | N/A |

* To 31 July. # D Income class commenced October 2012.

§ D Accumulation class commenced June 2011.

Unit Price Summary

| | Unit Price as at 31 May 2013 | Unit Price as at 31 May 2012 |
|----------------------|------------------------------|------------------------------|
| A Income Units | 335.8p | 288.7p |
| A Accumulation Units | 363.3p | 310.9p |
| D Income Units* | 335.4p | N/A |
| D Accumulation Units | 368.8p | 313.2p |

D Income class commenced October 2012.

A Income

The final distribution payable on 31 July 2013 is 1.6156p net per income unit (31 July 2012: 2.6519p net per income unit).

A Accumulation

The final accumulation payable on 31 July 2013 is 1.7397p net per accumulation unit (31 July 2012: 2.8353p net per accumulation unit).

D Income*

The final distribution payable on 31 July 2013 is 1.4897p net per income unit (31 July 2012: N/A).

D Accumulation

The final accumulation payable on 31 July 2013 is 3.8400p net per accumulation unit (31 July 2012: 4.7299p net per accumulation unit).

D Income class commenced October 2012.

Summary of Investment Objective and Policy

To achieve long-term capital growth for investors. The Fund invests primarily in the shares of companies incorporated or listed in emerging markets. The Fund may also invest in collective investment schemes. Emerging markets include countries contained in the Fund's benchmark index, the MSCI Emerging Markets Index, at the time of the Fund's investment.

Risk Profile

The Fund is exposed to movements in global stock markets and currency fluctuations which may cause the value of the Fund to fall or rise. The Fund invests in economies and markets which are less developed; these markets are subject to greater movement due to increased uncertainty as to how these markets operate.

| Fund Facts | |
|-------------------------|-----------------------------|
| Fund Managers | Luiz Soares & Dhiren Shah |
| Establishment Date | 4 August 1993 |
| Benchmark | MSCI Emerging Markets Index |
| Assets Under Management | £193,325,787 |
| Income Allocation Date | 31 July |
| Accounting Dates | 31 May & 30 November |

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.

Ongoing Charges

The ongoing charges figures are based on expenses for the year ended 31 May 2013. These figures may vary from year to year.

| Unit Class | 31 May 2013 |
|----------------|-------------|
| A Income | 1.72% |
| A Accumulation | 1.72% |
| D Income# | 0.97% |
| D Accumulation | 0.97% |

D Income class commenced October 2012. Ongoing charges figure based on annualised expenses for the period ended 31 May 2013.

Portfolio Information

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 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.

Five Largest Investments at 31 May 2013

| | % of Fund Value |
|--|-----------------|
| Samsung Electronics | 5.31 |
| Taiwan Semiconductor Manufacturing | 3.87 |
| Itau Unibanco ADR (each representing 1 preference share) | 3.70 |
| Bank of China | 3.21 |
| Sberbank of Russia Sponsored ADR (each representing 4 ordinary shares) | 2.36 |

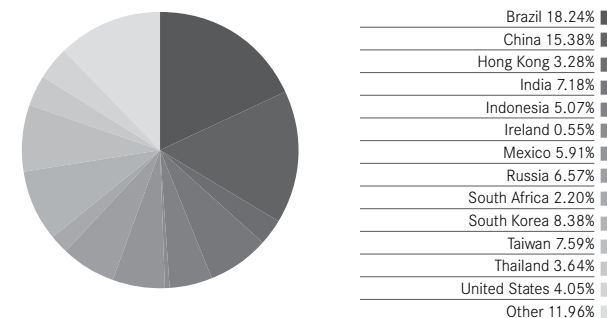
Five Largest Investments at 31 May 2012

| | % of Fund Value |
|--|-----------------|
| Samsung Electronics | 5.49 |
| Taiwan Semiconductor Manufacturing | 3.36 |
| Bank of China | 2.83 |
| CNOOC | 2.59 |
| Sberbank of Russia Sponsored ADR (each representing 4 ordinary shares) | 2.50 |

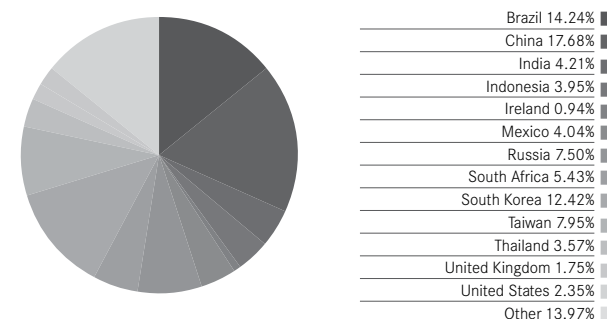
Report and Accounts

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.

Geographical Spread of Investments – 31 May 2013



Geographical Spread of Investments – 31 May 2012



Further Information

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.

* With effect from 23 July 2012, the Royal Bank of Scotland plc retired as Trustee and BNY Mellon Trust & Depositary (UK) Limited was appointed as the new Trustee of the Fund. This appointment has led to a reduction in Trustee fees for the Fund. Investors need take no action in relation to this change.

Contact Details

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