

Portfolio Information

Five Largest Investments as at 31 January 2012

	% of Fund Value
Vodafone	9.32
Royal Dutch Shell 'B' shares	9.14
GlaxoSmithKline	7.32
HSBC	5.95
Tullow Oil	4.71

Five Largest Investments as at 31 January 2011

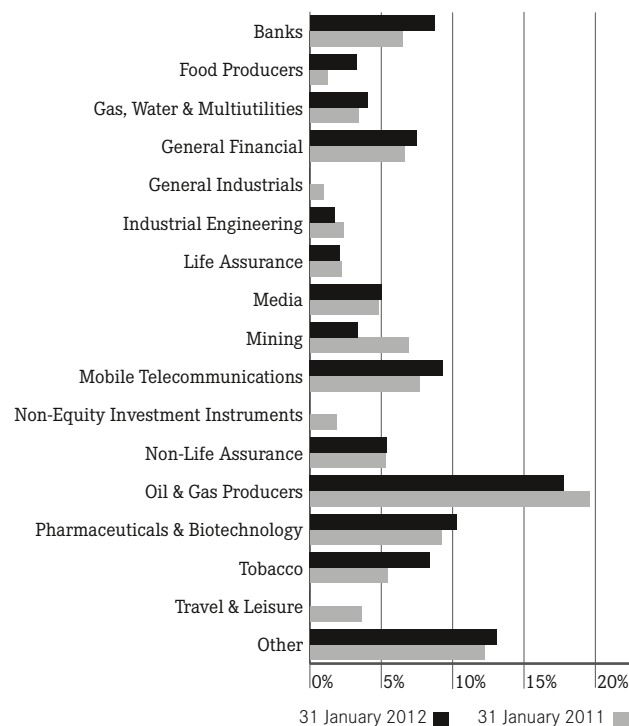
	% of Fund Value
Royal Dutch Shell 'B' shares	8.55
Vodafone	6.69
HSBC	6.50
GlaxoSmithKline	6.05
Tullow Oil	4.93

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 and the Simplified Prospectus are available free of charge upon request from the BlackRock Investor Services Team on 0800 44 55 22.

The annual accounting date of the Fund is 31 January 2012. Annual Manager's Short Reports will be published on or shortly after 31 March each year. The flexibility to publish the Annual Manager's Short Report shortly after 31 March each year has recently been incorporated into the Prospectus for the Fund.

Classification of Investments



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 Services 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 and regulated by the Financial Services Authority. Auditor: Ernst & Young LLP, Ten George Street, Edinburgh EH2 2DZ.

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BlackRock UK Income Fund

Annual Short Report
to 31 January 2012

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This Annual Short Report for the BlackRock UK Income Fund covers the year to 31 January 2012, the first six months of which were commented on in the Interim Report to 31 July 2011.

Summary of Performance over the Period

The BlackRock UK Income Fund underperformed its benchmark, the FTSE All-Share Index, during the 12 months to 31 January 2012. The Fund returned -3.8%*, while the benchmark index returned -0.3%. In this report we focus on the second half of the year, when the Fund returned -5.1%*, compared to the benchmark return of -1.5%.

Fund Manager’s Commentary

The six-month period ending January 2012 was a particularly volatile one for equity markets. Initially, UK equities fell sharply during the third quarter of 2011 as macroeconomic data indicated lower global economic growth, which led to an increase in risk aversion. In particular, concerns about a slowdown in the US led to downward revisions to growth forecasts and the lack of a solution to the Eurozone sovereign debt crisis continued to impact on markets, and particularly the shares of European banks. The equity market subsequently staged a recovery in the fourth quarter, though this was insufficient to move the FTSE All-Share index out of negative territory for the whole year. The market rally from lows in October occurred despite increasing fears of a European recession as politicians struggled to contain the economic impact of the sovereign debt crisis in the Eurozone.

Moving into 2012, strong manufacturing data from China and the US caused the market to be led by higher beta stocks in January, with more defensive stocks lagging, notably those in the food retail and mobile telecoms sectors.

Tullow Oil was the strongest contributor to performance as the company made what appears to be a highly significant oil discovery offshore of French Guiana, South America. Wolseley benefited from its improving operational performance and improved sentiment towards the US. The economically sensitive mining sector was down sharply in September and therefore being underweight Rio Tinto and not owning Xstrata and Anglo American helped performance, although the strong rebound in January weighed on returns. Not owning Lloyds Banking Group and Royal Bank of Scotland was beneficial for Fund returns over the period.

The largest negative contributor to performance was the holding in Admiral Group. The shares were first affected by the ban to be imposed on the payment of personal injury referral fees as well as an investigation into the pricing of premiums in the sector. The company then announced that it had seen a significant rise in higher value bodily injury claims, forcing the company to reserve against these claims with a resultant fall in profits. Man Group was also a negative contributor due to asset outflows during the period and poor performance from its flagship AHL fund.

The economic outlook has begun to diverge, with Europe set for a period of economic contraction driven by austerity measures, whilst recent US economic data has been more encouraging. The market has become less negative, though the economic outlook remains a difficult one, with many hurdles still to be cleared. UK equity valuations look attractive compared to those of most other asset classes, and we remain encouraged about the prospects for the Fund against this backdrop.

* Performance based on the net asset value with net income reinvested calculated as at the 12 noon valuation point and is not the same as the net asset value reported in the financial statements which is close of business. Performance is based on bid-to-bid dealing prices (the prices at which units are sold) and on the Funds’ A’ Accumulation units.

Performance Record

Capital (Unit Prices)

	A Income Units		A Accumulation Units		D Income Units*		D Accumulation Units#	
Calendar Year	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
2012†	347.8	322.7	989.4	917.9	335.5	326.7	937.8	913.2
2011	383.7	294.7	1,068	831.7	367.1	297.5	1,009	825.0
2010	376.7	293.8	1,031	793.1	360.3	293.2	N/A	N/A
2009	335.8	207.3	884.5	532.0	N/A	N/A	N/A	N/A
2008	365.6	202.4	880.9	502.9	N/A	N/A	N/A	N/A
2007	395.7	324.4	940.8	781.7	N/A	N/A	N/A	N/A
† To 31 January. * ‘D’ Income class commenced April 2010. # ‘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
2012†	6.2628	17.7347	6.4918	15.2542
2011	13.0424	36.0543	12.9906	5.2782
2010	12.5000	33.3400	4.4740	N/A
2009	12.2445	31.2992	N/A	N/A
2008	11.8000	28.8279	N/A	N/A
2007	11.8000	27.8418	N/A	N/A
† To 31 March. * ‘D’ Income class commenced April 2010. # ‘D’ Accumulation class commenced June 2011.				

Unit Price Summary

	Unit Price as at 31 January 2012	Unit Price as at 31 January 2011
A Income	318.0p	345.1p
A Accumulation	922.2p	961.3p
D Income	321.9p	347.1p
D Accumulation#	917.9p	N/A
# ‘D’ Accumulation class commenced June 2011.		

A Income

The final distribution payable on 31 March 2012 is 6.2628p net per distribution unit (31 March 2011: 5.9424p net per distribution unit).

A Accumulation

The final accumulation payable on 31 March 2012 is 17.7347p net per accumulation unit (31 March 2011: 16.1857p net per accumulation unit).

D Income

The final distribution payable on 31 March 2012 is 6.4918p net per distribution unit (31 March 2011: 5.6323p net per distribution unit).

D Accumulation#

The final accumulation payable on 31 March 2012 is 15.2542p net per accumulation unit (31 March 2011: N/A).

‘D’ Accumulation class commenced June 2011.

Summary of Investment Objective and Policy

To provide an above average and growing income without sacrificing the benefits of long-term capital growth by investing primarily in the shares of companies incorporated or listed in the UK. The Fund may also invest in collective investment schemes.

Risk Profile

The Fund is exposed to movements in UK stock markets which may cause the value of the Fund to fall or rise.

Fund Facts	
Fund Managers	Nick McLeod-Clarke & Adam Avigdori
Establishment Date	15 February 1984
Benchmark	FTSE All-Share Index
Assets Under Management	£727,222,579
Income Payment Dates	31 March, 30 June, 30 September & 31 December
Accounting Dates	31 July & 31 January
Total Expense Ratio* as at 31 January 2012	A Income 1.6737% (31 January 2011: 1.6694%) A Accumulation 1.6737% (31 January 2011: 1.6694%) D Income 0.9239% (31 January 2011: 0.9179%) D Accumulation# 0.9239% (31 January 2011: N/A)
* Management service charge and Trustee, Audit and other fees payable from the Fund. # ‘D’ Accumulation class commenced June 2011.	

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.