

BLACKROCK®

For the period from 1 March 2013 to 31 August 2013

BlackRock Corporate Bond Fund

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 Interim Short Report for the BlackRock Corporate Bond Fund covers the period from 1 March 2013 to 31 August 2013.

Summary of Performance over the Period

The BlackRock Corporate Bond Fund fell by 0.4%* over the period from 1 March 2013 to 31 August 2013, underperforming its benchmark, the Bank of America Merrill Lynch Sterling Corporate Bond Index, which was down by 0.2%. This underperformance was due to interest rate volatility in the period.

Fund Managers' Commentary

April was a very good month for corporate bonds as central banks continued to support markets amid worsening global economic fundamentals. However, bond markets fell sharply in May due to growing uncertainty over the US Federal Reserve's plans to scale back quantitative easing. In June, the market began to price in the possibility of higher interest rates and global bond yields rose sharply, with 10-year US Treasuries reaching 2.6% from 1.6%.

Since July, central bankers, including new Bank of England Governor Mark Carney, have used 'forward guidance' to talk down the possibility of any imminent rise in rates. Carney has reiterated the message that in the UK rates will stay low for at least another three years.

The Fund's core holdings in UK banks and insurers performed well as market confidence in the UK's economic recovery improved. We used price weakness to buy back into companies in which we have a high conviction, in sectors that we like (such as cable) and these positions also helped the Fund.

In July, we started increasing overall risk within the Fund to bring it back to a more neutral position relative to the benchmark. We made some progress during the typically quiet summer period and continued to focus on relative value strategies and new opportunities in the primary market.

Divergence of central bank policies across the globe will be a key theme going forward. Poor timing or lack of coordination of exit strategies from quantitative easing will likely cause further market volatility.

September 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.

| A Income | The interim distribution payable on 31 October 2013 is 0.8212p net per income unit. |
|----------------|---|
| A Accumulation | The interim accumulation payable on 31 October 2013 is 2.0632p net per accumulation unit. |
| D Income | The interim distribution payable on 31 October 2013 is 0.8308p net per income unit. |
| D Accumulation | The interim accumulation payable on 31 October 2013 is 2.0824p net per accumulation unit. |

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 |
| 2013* | 110.8 | 99.17 | 276.0 | 249.2 | 108.6 | 100.3 | 269.6 | 251.4 |
| 2012 | 108.2 | 92.03 | 265.9 | 218.3 | 105.6 | 92.22 | 259.3 | 218.4 |
| 2011 | 100.8 | 90.24 | 232.6 | 208.6 | 97.26 | 90.12 | 225.2 | 212.3 |
| 2010 | 101.7 | 88.21 | 227.0 | 189.7 | N/A | N/A | N/A | N/A |
| 2009 | 92.87 | 67.33 | 198.9 | 138.0 | N/A | N/A | N/A | N/A |
| 2008 | 97.88 | 76.51 | 188.2 | 153.6 | N/A | N/A | N/A | N/A |

 $^{\,^*}$ To 31 August. # D Income and D Accumulation classes 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* | 3.5170 | 8.7184 | 3.5521 | 8.7835 |
| 2012 | 4.1916 | 9.9898 | 4.1997 | 10.0399 |
| 2011 | 3.3737 | 7.7229 | 0.9972 | 2.3043 |
| 2010 | 5.1272 | 11.2512 | N/A | N/A |
| 2009 | 4.7197 | 9.8004 | N/A | N/A |
| 2008 | 4.5524 | 8.9231 | N/A | N/A |

^{*} To 31 October. # D Income and D Accumulation classes commenced June 2011.

Unit Price Summary

| | Unit Price as at 31 August 2013 | Unit Price as at 28 February 2013 |
|----------------------|------------------------------------|--------------------------------------|
| A Income Units | 99.98p | 102.2p |
| A Accumulation Units | 253.3p | 254.6p |
| D Income Units | 101.2p | 103.2p |
| D Accumulation Units | 255.8p | 256.5p |

Fund Information

Summary of Investment Objective and Policy

The aim of the BlackRock Corporate Bond Fund (the "Fund") is to maximise total return by investing principally in corporate bonds and other interest bearing securities. Exposure to non-Sterling denominated assets will typically be hedged back to Sterling. Separately, the Fund may also invest in preference shares, convertibles, other transferable securities and collective investment schemes.

Risk Profile

The Fund is exposed to movements in global stock markets, currency fluctuations, changes in interest rates and credit worthiness of the underlying security issuers, which may all cause the value of the Fund to fall or rise. There is also exposure to liquidity risk which may limit the ability to buy and sell securities.

Fund Facts

| Fund Managers | Simon Blundell & Ben Edwards |
|-------------------------|---|
| Establishment Date | 29 June 1995 |
| Benchmark | Bank of America Merrill Lynch Sterling Corporate Bond Index |
| Assets Under Management | £276,611,358 |
| Income Allocation Dates | 31 October, 31 January, 30 April & 31 July |
| Accounting Dates | 31 August & last day of February |

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 31.8.2013 [†] | 1.3.2012 to 28.2.2013 |
|----------------|------------------------------------|-----------------------|
| AIncome | 1.09% | 1.09% |
| A Accumulation | 1.09% | 1.09% |
| D Income | 0.59% | 0.59% |
| D Accumulation | 0.59% | 0.59% |

[†] Ongoing charges figures are based on annualised expenses for the period ended 31 August 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 |
| D Income | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| D 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 (KIIDs), which are available at www.blackrock.com.

Portfolio Information

Five Largest Investments at 31 August 2013

| | % of Fund Value |
|--|-----------------|
| Treasury 5% Gilts 2018 | 3.96 |
| Treasury 4.5% Gilts 2019 | 3.08 |
| LBG Capital No.1 7.5884% Bonds 12/5/2020 | 2.47 |
| Treasury 4.5% Stock 2042 | 2.37 |
| Ngg Finance 5.625% Floating Rate Notes 18/6/2073 | 1.75 |

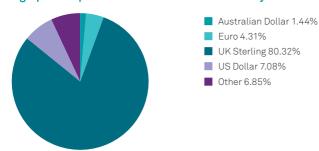
Five Largest Investments at 28 February 2013

| | % of Fund Value |
|---|-----------------|
| Institutional Cash Series plc – Sterling Liquidity Fund | 7.92 |
| KfW 1.75% Notes 22/1/2016 | 1.99 |
| Treasury 4.75% Bonds 2038 | 1.90 |
| DirecTV Holdings 4.375% Guaranteed Medium Term Notes 14/9/2029 | 1.88 |
| Lloyds TSB Bank 7.625% Guaranteed Subordinated European Medium Term Notes 22/4/2025 | 1.87 |

Geographical Spread of Investments - 31 August 2013



Geographical Spread of Investments - 28 February 2013



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. 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 blackrock.co.uk

