



## INTERIM SHORT REPORT

BLACKROCK CAUTIOUS PORTFOLIO FUND

**BLACKROCK®**

For the period from 26 May 2013  
to 31 August 2013

# BlackRock Cautious Portfolio Fund

As communicated in a letter to investors dated 28 May 2013, the Manager has changed the Fund's annual and interim accounting dates to the last day of February and 31 August respectively in order to consolidate the publication of annual and interim reports. This Interim Short Report for the BlackRock Cautious Portfolio Fund covers the period from 26 May 2013 to 31 August 2013. For further information, please refer to the most recent Prospectus.

## Summary of Performance over the Period

The BlackRock Cautious Portfolio Fund fell by 2.8%\* over the period from 26 May 2013 to 31 August 2013, and regrettably did not achieve its target (return of the UK Base Rate plus 3.5%), with the UK Base Rate up by 0.1% over the same period.

## Fund Manager's Commentary

The three months under review were mixed for risk assets. Late May and June saw broad-based declines as speculation over the possible timing of US Federal Reserve moves to begin reducing or 'tapering' its quantitative easing (QE) programme caused volatility across equity and bond markets. Markets then normalised in July, with equities regaining much of the ground lost during the second quarter. However, they declined again in August due to continued uncertainty over what might be happening with QE and geopolitical risk in the Middle East.

Asset allocation detracted from returns, with manager selection weighing on returns. Within equities, the Fund's allocation to emerging markets was the largest detractor. Within fixed income, the exposure to corporate bonds had a detrimental impact as did exposure to some alternative assets, specifically hedge funds.

Some of these negative contributions were partially offset by a relatively positive contribution from our exposure to US equities, as well as sector positions within European equities.

Fund activity saw us continue our efforts to provide some downside protection while broadly maintaining our exposure to developed market equities. However, we did initiate several positions in European equities. Within emerging markets, we moved our exposure from the BlackRock Asian Dragon Fund towards a more targeted exposure to countries less sensitive to Chinese economic growth trends. As September approached we reduced exposure to high yield bonds in favour of cash.

Looking forward, our base case scenario is for continued US economic growth buoyed by an improving private sector. We expect European growth to remain depressed but we are beginning to see signs of improvement. Broadly, we view growth in emerging markets as more challenged. In bonds, we believe that the majority of yield increases have already taken place for the year and we continue to find attractive opportunities in the government bonds of peripheral European countries.

## 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.

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**Income**                      Any income available will be distributed annually on 30 April.

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# Performance Record

## Capital (Unit Prices)

Calendar Year	A Income Units		A Accumulation Units		X Accumulation Units <sup>#</sup>		D Income Units <sup>§</sup>		D 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
2013*	119.3	107.5	129.1	117.6	125.2	117.5	115.2	107.5	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 31 August. # 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 <sup>#</sup> Per Unit p	D Income Units <sup>§</sup> Per Unit p	D Accumulation Units <sup>§</sup> 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 31 October. # X Accumulation class commenced October 2012. § D Income and D Accumulation classes commenced November 2012.

## Unit Price Summary

	Unit Price as at 31 August 2013	Unit Price as at 25 May 2013
A Income Units	109.5p	112.9p
A Accumulation Units	119.7p	123.4p
X Accumulation Units	120.1p	123.5p
D Income Units	109.5p	112.8p
D Accumulation Units	119.4p	122.9p

# Fund Information

## Summary of Investment Objective and Policy

The aim of the BlackRock Cautious Portfolio Fund (the "Fund") is 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. It will invest principally in fixed interest stocks (corporate and Government), UK and overseas equities, units in collective investment schemes, cash and near cash, money-market instruments and deposits. 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.

## Risk Profile

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 stock markets, 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	£1,431,524,404
Income Allocation Date	30 April
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	26.5.2013 to 31.8.2013†	26.5.2012 to 25.5.2013
A Income	1.36%	1.36%
A Accumulation	1.36%	1.36%
X Accumulation	0.11%	0.11% <sup>#*</sup>
D Income	0.76%	0.76% <sup>§*</sup>
D Accumulation	0.76%	0.76% <sup>§*</sup>

† Ongoing charges figures are based on annualised expenses for the period ended 31 August 2013.

<sup>#</sup> X Accumulation class commenced October 2012. <sup>§</sup> D Income and D Accumulation classes commenced November 2012.

\* Ongoing charges figures are 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 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](http://www.blackrock.com).

# Portfolio Information

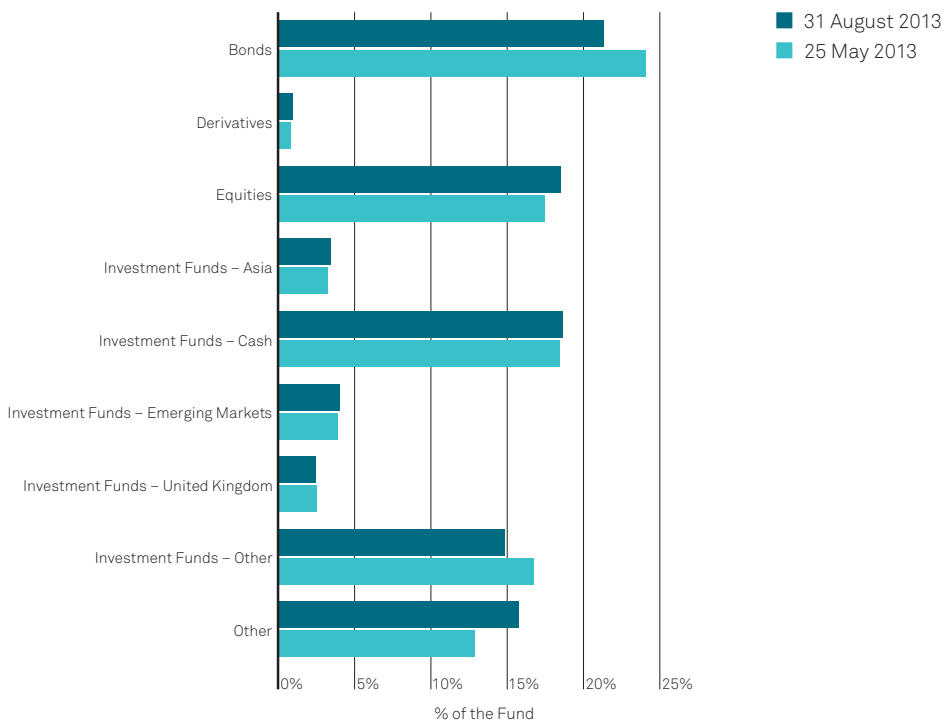
## Five Largest Investments at 31 August 2013

	% of Fund Value
Institutional Cash Series plc – Sterling Liquidity Fund	18.64
BlackRock Global Funds – Corporate Bond	3.88
BlackRock Global Funds – Emerging Markets	3.43
US Treasury 3.5% Notes 15/5/2020	2.40
BlackRock UK Special Situations Fund	2.12

## 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

## Classification of Investments



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**

0800 44 55 22

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