

# This Interim Short Report for the BlackRock UK Income Fund covers the six months ended 31 July 2012.

## Summary of Performance over the Period

With the economic environment dominated by short-term trading patterns in which macroeconomic factors dominate market returns, we are pleased to report that the BlackRock UK Income Fund outperformed its benchmark during the reporting period. Over the six months to 31 July 2012, the Fund returned 4.5%\*, compared to the FTSE All-Share Index return of 1.9%.

## Fund Manager's Commentary

Equity markets rallied in the first quarter, thanks in part to the European Central Bank's Long Term Refinancing Operation providing much-needed liquidity to the banking system. However, sentiment reversed in the second quarter as global growth faltered and the European sovereign debt crisis resurfaced.

The best-performing sectors were those with resilient revenues and defensive earnings streams, such as tobacco, pharmaceuticals and utilities. The top contributors included media group UBM, technology company CSR and UK media group Aegis. The Fund also benefited from its underweight exposure to mining as the sector performed poorly on concerns over global demand for commodities.

The Fund's holding in alternative asset manager Man Group was a significant detractor over the period, as the performance of the GLG business and the AHL macro fund continued to disappoint. Life insurer Aviva also weighed on returns, although the change of CEO brings the potential both to improve balance sheet strength and to reduce volatility.

We continue to position the portfolio towards companies where the fundamentals are strong and the business can take advantage of geographies that are growing strongly. UK equity valuations still look attractive compared to those of most other asset classes, with the prospect of high quality earnings and dividend growth.

## August 2012

\* 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 at close of business. Performance is based on bid-to-bid dealing prices (the prices at which units are sold) and is reported for the Fund's Class 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†	359.1	305.9	1,041	893.5	346.5	310.4	987.9	891.4
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 July. \* 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†	11.1628	31.9815	11.5697	29.7431
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 30 September. \* D Income class commenced April 2010.

# D Accumulation class commenced June 2011.

### Unit Price Summary

	Unit Price as at 31 July 2012	Unit Price as at 31 January 2012
A Income	325.9p	318.0p
A Accumulation	959.3p	922.2p
D Income	331.0p	321.9p
D Accumulation	948.1p	917.9p

#### A Income

The interim distribution payable on 30 September 2012 is 2.5000p net per income unit.

#### A Accumulation

The interim accumulation payable on 30 September 2012 is 7.2878p net per accumulation unit.

#### D Income

The interim distribution payable on 30 September 2012 is 2.5906p net per income unit.

#### D Accumulation

The interim accumulation payable on 30 September 2012 is 7.4066p net per accumulation unit.

## 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	£668,897,142
Income Allocation Dates	31 March, 30 June, 30 September & 31 December
Accounting Dates	31 July & 31 January

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](http://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 figure is based on expenses for the six month period ended 31 July 2012 and has been annualised. This figure may vary from year to year.

Unit Class	31 July 2012
A Income	1.67%
A Accumulation	1.67%
D Income	0.92%
D Accumulation	0.92%

## 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](http://www.blackrock.com).

### Five Largest Investments at 31 July 2012

	% of Fund Value
Vodafone	9.89
Royal Dutch Shell 'B' shares	9.21
GlaxoSmithKline	7.03
British American Tobacco	6.21
HSBC	4.95

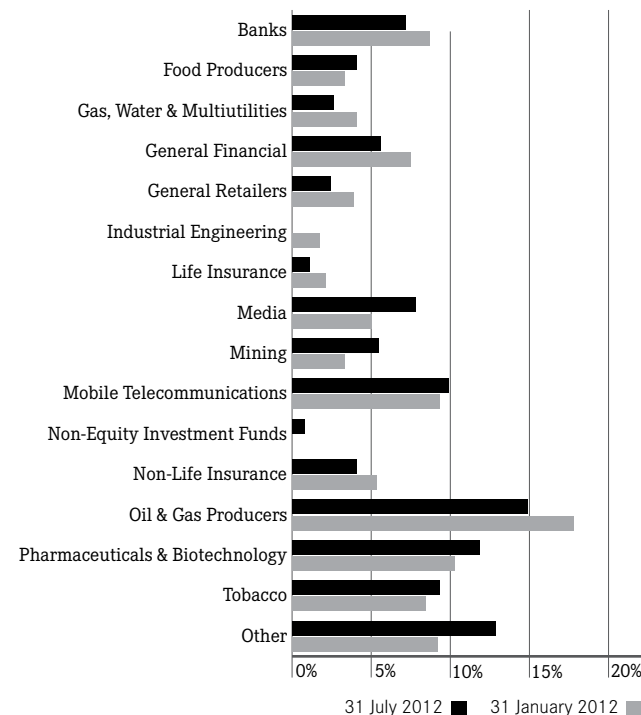
### Five Largest Investments at 31 January 2012

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

## 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.

## 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](http://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. BNY Mellon Trust & Depositary (UK) Limited, 160 Queen Victoria Street, London EC4V 4LA. Authorised and regulated by the Financial Services Authority. Auditor: Ernst & Young LLP, Ten George Street, Edinburgh EH2 2DZ.

\* With effect from 23 July 2012, The Royal Bank of Scotland plc retired as trustee and BNY Mellon Trust and 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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