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Interim report and unaudited financial statements

BlackRock European Dynamic Fund

For the six months ended 31 August 2023

NM1023U-3203181-1/21

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General Information

Manager & Registrar

BlackRock Fund Managers Limited
12 Throgmorton Avenue, London EC2N 2DL

Member of The Investment Association and authorised and regulated by the Financial Conduct Authority ("FCA").

Directors of the Manager

G D Bamping*
S Corrigan (Resigned 2 May 2023)
W I Cullen*
D Edgar
K Henry (Appointed 3 March 2023)
A M Lawrence
H N Mephram
S Sabin (Appointed 18 August 2023)
M T Zemek*

Trustee & Custodian

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street, London EC4V 4LA

Authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority.

Investment Manager

BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue, London EC2N 2DL

Authorised and regulated by the FCA.

Stock Lending Agent

BlackRock Advisors (UK) Limited
12 Throgmorton Avenue, London EC2N 2DL

Authorised and regulated by the FCA

Auditor

Ernst & Young LLP
Atria One, 144 Morrison Street, Edinburgh EH3 8EX

BlackRock's proxy voting agent is ISS (Institutional Shareholder Services).

This Report relates to the packaged products of and is issued by:

BlackRock Fund Managers Limited
12 Throgmorton Avenue, London EC2N 2DL
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For your protection, telephone calls are usually recorded.

* Non-executive Director.

About the Fund

BlackRock European Dynamic Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 14 August 2000 as Merrill Lynch European Dynamic Fund. The Fund changed its investment objective on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008. The Fund's FCA product reference number is 191288.

Assessment of value

The FCA requires UK fund managers to complete an annual assessment of whether their UK authorised funds provide value for investors. Our assessment considers fund and unit class level performance, costs and charges, and service quality, concluding with an evaluation of whether investors receive value. BlackRock has fulfilled its obligations for the reporting requirement, including assessing relevant charges, and published the annual assessment of value statements on the BlackRock website on 31 October 2022 in a composite report for all funds managed by BlackRock Fund Managers Limited subject to these requirements. The next annual assessment is due for publication by the end of October 2023.

Fund Manager

As at 31 August 2023, the fund manager was Giles Rothbarth.

Significant Events

Changes in the Directors of the Manager

K Henry was appointed as a Director effective 3 March 2023.

S Corrigan resigned as a Director effective 2 May 2023.

S Sabin was appointed as a Director effective 18 August 2023.

Risk and Reward Profile

	Lower risk Typically lower rewards					Higher risk Typically higher rewards	
Unit Class							
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
FA Income	1	2	3	4	5	6	7
FA Income Hedged	1	2	3	4	5	6	7
FA Accumulation	1	2	3	4	5	6	7
FA Accumulation Hedged	1	2	3	4	5	6	7
FD Income	1	2	3	4	5	6	7
FD Income Hedged	1	2	3	4	5	6	7
FD Accumulation	1	2	3	4	5	6	7
FD Accumulation Hedged	1	2	3	4	5	6	7
FX Accumulation	1	2	3	4	5	6	7
FX Accumulation Hedged	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 the Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest category does not mean risk free.
- The use of derivatives will impact the value of the Fund and may expose the Fund to a higher degree of risk. Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains, resulting in greater fluctuations in the value of the Fund. The impact to the Fund can be greater where derivatives are used in an extensive or complex way.

For more information on this, please see the Fund's Key Investor Information Documents ("KIIDs"), which are available at www.blackrock.com.

Investment Manager’s Report

for the six months ended 31 August 2023

Investment Objective

The aim of the Fund is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund) (gross of fees) over the long term (5 or more consecutive years beginning at the point of investment), by investing in companies incorporated or listed in Europe excluding the UK.

Comparator benchmark	Investment management approach
FTSE World Europe ex UK Index	Active

Performance Summary

The following table compares the Fund’s realised performance against the performance of the comparator benchmark during the financial period ended 31 August 2023.

	Fund return %	Comparator benchmark %
Class D Accumulation Units	0.58	0.35

Further information on the performance measures and calculation methodologies used is detailed below:

- Fund returns shown, calculated net of fees, are the performance returns for the primary unit class of the Fund which has been selected as a representative unit class. The primary unit class represents the class of unit which is the highest charging unit class, free of any commissions or rebates, and is freely available. Performance returns for any other unit class can be made available on request.
- Fund returns are based on the NAV per unit as at close of business for reporting purposes only, for the purpose of fair comparison and presentation with the comparator benchmark close of business valuation point.
- Due to the Financial Reporting Standard 102 (“FRS 102”) and the Statement of Recommended Practice for Authorised Funds (“SORP”) requirements, including the accounting policy for the valuation point at 12 noon, there may be differences between the NAV per unit as recorded in the financial statements and the NAV per unit calculated in accordance with the Prospectus.

All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and the return of your initial investment amount cannot be guaranteed. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

Global Economic Overview

Global equities, as represented by the MSCI All Country World Index (“ACWI”), returned 5.37% (in GBP terms) during the six months ended 31 August 2023. Equities recovered from pessimism induced by high inflation (the rate of increase in the prices of goods and services) and rising interest rates, although inflation has begun to slow down in many parts of the world. Indicators of continued resilience, such as robust consumer spending and tight labour markets, tempered investors’ concerns about slowing global economic growth.

Investment Manager's Report continued

The US economy grew strongly in the first six months of 2023 as both consumer and government spending rose, and consumers showed signs of growth in continued spending in July and August 2023. While several prominent regional banks failed during the period, prompt government action limited the impact on the wider economy. The US jobs market continued to show strength, and unemployment remained at historically low levels. In Japan, the economy accelerated during the first six months of 2023, and the government lifted strict border controls although exports declined near the end of the period under review. The UK economy was nearly flat in the first six months of 2023 before contracting in July 2023 amid weakness in exports as global trade cooled. Modest growth resumed in the Eurozone in the first six months of 2023, but high interest rates continued to weigh on the region's economy and retail sales fell in July 2023. UBS's takeover of the failed Credit Suisse at the behest of regulators stabilised markets.

Most emerging market economies continued to expand, although fluctuating commodity prices and the higher interest rate environment presented significant economic challenges. The Chinese economy grew at a slow pace relative to the country's historical rate while falling consumer prices raised concerns about deflation (general decline of the price level of goods and services).

The world's largest central banks continued to implement measures aimed at monetary policy tightening, although the pace of tightening slowed in some regions. The US Federal Reserve ("the Fed") raised interest rates three times, pausing once before resuming with another increase at its July 2023 meeting. However, this represented a significantly slower pace of interest rate increases compared to the sharp tightening seen during the second half of 2022 from the Fed. The Fed also continued to reduce some of the accumulated bond holdings on its balance sheet.

The Bank of England ("BoE") raised interest rates four times, as inflation remained high despite showing some signs of easing. The European Central Bank ("ECB") also increased interest rates at each of its four meetings in an effort to control rising prices in the Eurozone. Furthermore, the ECB began to reduce the size of its balance sheet in March 2023 by allowing some of its outstanding bonds to mature without reinvestment.

Global equity performance was positive overall, as inflationary pressure eased and the global economy continued to grow despite slowdown in some regions. US stocks surged as the Fed tightening slowed and innovations in the technology sector drove significant gains. European stocks performed well as tourism rebounded strongly, supporting consumer spending. Meanwhile, Asian stocks gained as Japan's economy picked up and investor interest in semiconductor companies surged. Equities in emerging markets also gained, helped by the slowing pace of interest rate increases.

Global bond prices (which move inversely to yields) rose slightly overall, as moderating inflation led investors to anticipate an end to the current monetary policy tightening cycle. US treasury prices rose fractionally, sustained by the changing economic environment, as well as the failure of several US banks and subsequent government intervention. UK gilt prices declined slightly, as large borrowing requirements and persistent inflation raised concerns among investors. European government bonds gained slightly, while Japanese government bond prices were volatile, driven by periodic substantial purchases from The Bank of Japan to keep yields within its yield cap. Global corporate bond prices advanced as continued resilience in the global economy drove investor optimism and both high-yield and investment-grade bonds gained.

In the commodities markets, Brent crude oil prices rose moderately as several large oil producing and exporting countries cut production levels. European natural gas prices remained steady, having retreated significantly from the highs following Russia's invasion of Ukraine. Gold prices rose amid the slowing pace of Fed interest rate increases and elevated inflation.

Investment Manager's Report continued

In the foreign exchange markets, the US dollar performance was mixed against other global currencies. The euro and sterling appreciated relative to the US dollar, while the Japanese yen and Chinese yuan declined. Continued interest rate increases from the ECB and BoE, even as the Fed slowed its pace of interest rate hikes, drove the increase in the relative value of the euro and sterling.

Fund Performance Review and Activity

Over the six month period to 31 August 2023, the Fund's performance return was 0.58% and the active return was 0.23%, outperforming its comparator benchmark which returned 0.35% (active return is the difference between the Fund's return and the comparator benchmark return).

Markets were somewhat directionless during the period, with competing forces of hope and concern impacting Fund returns. Whilst markets initially saw some strength on the hopes of the US economy avoiding a recession, they were subdued later during the period as economic data relating to jobs growth and Gross Domestic Product growth were revised down.

Despite the weaker economic data, company earnings released during the period were robust, with a significant number of companies beating market expectations during the period. However, some companies, in particular within the chemical and life sciences sector for example, suffered from slowing demand as the overbuild of customer product inventories post the COVID-19 pandemic started winding down. In this environment, the Investment Manager believes there is greater dispersion in company earnings which can be beneficial for active stock pickers.

Both stock selection and sector allocation were positive for the Fund's relative performance during the period.

During the six month period the following were the largest contributors to and detractors from the Fund's return relative to the comparator benchmark:

Largest Contributors		Largest Detractors	
Stock	Effect on Fund return	Stock	Effect on Fund return
Novo Nordisk [#]	1.30%	Teleperformance [#]	(0.71%)
BE Semiconductor [#]	1.05%	Adyen [#]	(0.63%)
ASM International [#]	0.82%	Lonza [#]	(0.52%)
UniCredit [#]	0.59%	Commerzbank [#]	(0.48%)
BNP Paribas [#]	0.41%	Novartis [^]	(0.36%)

[#] Overweight position - holds more exposure than the comparator benchmark.

[^] Underweight position - holds less exposure than the comparator benchmark.

Novo Nordisk was the strongest contributor to the Fund returns during the period as the company announced in trial data that their Wegovy drug, targeted at weight loss, had significant cardiovascular benefits. This acted to contribute to share price increase as the market expects more government and commercial insurance programs will supply patients with obesity with the new medication.

Semiconductor companies BE Semiconductor and ASM International aided portfolio returns as the companies commented that they expect an inflection in orders. These companies are benefitting from structurally increasing demand of both logic and memory in chip manufacturing, for which generative artificial intelligence (AI) will be a driver.

Investment Manager's Report continued

The largest detractor from performance was the position in Teleperformance, which the Fund exited during the period. Shares came under pressure following a defensive deal undertaken by the management and speculation on the impact of generative AI on the business.

The following table details the significant active positions, where the Fund was overweight (held more exposure than the comparator benchmark) and underweight (held less exposure than the comparator benchmark), at 31 August 2023 and 28 February 2023:

Top overweight positions			
31 August 2023		28 February 2023	
Stock	Active Weighting	Stock	Active Weighting
Novo Nordisk	6.10%	Novo Nordisk	4.97%
LVMH	5.10%	Linde	4.91%
Linde	4.80%	Lonza	4.84%

Top underweight positions			
31 August 2023		28 February 2023	
Stock	Active Weighting	Stock	Active Weighting
Nestle	(3.60%)	Nestle	(3.71%)
Roche	(2.70%)	Roche	(2.71%)
Novartis	(2.60%)	Novartis	(2.20%)

Where the Fund is underweight to a stock, the return from such stock will have an opposite effect on the Fund's active return. This may result in a stock being listed as a contributor/detractor but not listed on the Fund's Portfolio Statement.

Net Asset Value

At 31 August 2023	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	324,693	2,797	861.4
A Accumulation	8,164,251	74,478	912.2
D Income	8,290,951	72,937	879.7
D Accumulation	26,765,054	267,744	1,000
FA Income	1,330,713	3,408	256.1
FA Income Hedged	1,000	2	218.7
FA Accumulation	69,493,110	181,004	260.5
FA Accumulation Hedged	1,000	2	222.1
FD Income	642,902,712	1,687,671	262.5
FD Income Hedged	5,887,167	12,191	207.1
FD Accumulation	547,978,873	1,537,044	280.5
FD Accumulation Hedged	15,310,326	33,594	219.4
FX Accumulation	45,375,761	115,301	254.1
FX Accumulation Hedged	1,000	2	242.3

Distributions Payable for the period to 31 August 2023

Any income available will be distributed annually on 30 April.

Operating Charges

Unit Class	1.3.2023 to 31.8.2023	1.3.2022 to 28.2.2023
A Income	1.67%	1.66%
A Accumulation	1.66%	1.66%
D Income	0.91%	0.91%
D Accumulation	0.91%	0.91%
FA Income	1.67%	1.66%
FA Income Hedged	1.66%	1.67%
FA Accumulation	1.66%	1.66%
FA Accumulation Hedged	1.66%	1.67%
FD Income	0.91%	0.91%
FD Income Hedged	0.91%	0.91%
FD Accumulation	0.91%	0.91%
FD Accumulation Hedged	0.91%	0.91%
FX Accumulation	0.02%	0.02%
FX Accumulation Hedged	0.02%	0.00%

Operating charges are annualised and exclude portfolio trade-related costs, except costs paid to the custodian/depositary and entry/exit charges paid to an underlying collective investment scheme (if any).

Portfolio Statement (unaudited)

at 31 August 2023

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
EQUITIES – 99.86%; 28.2.2023 100.30%			
Belgium – 0.73%; 28.2.2023 0.69%			
1,678,938	Azelis	28,936	0.73
Denmark – 17.26%; 28.2.2023 12.65%			
874,998	Coloplast	76,013	1.91
1,019,193	DSV ^Ø	156,440	3.92
2,634,794	Novo Nordisk	388,963	9.75
822,318	Pandora	67,009	1.68
		688,425	17.26
France – 21.65%; 28.2.2023 25.13%			
1,690,947	BNP Paribas ^Ø	86,951	2.18
1,968,182	Cie de Saint-Gobain ^Ø	100,953	2.53
78,278	Hermes International	128,332	3.22
459,745	LVMH Moët Hennessy Louis Vuitton ^Ø	312,843	7.84
144,743	Sartorius Stedim Biotech	32,355	0.81
644,352	Schneider Electric	88,135	2.21
5,043,528	Societe Generale ^Ø	113,996	2.86
		863,565	21.65
Germany – 8.46%; 28.2.2023 8.69%			
12,410,045	Commerzbank ^Ø	109,283	2.74
532,852	CTS Eventim ^Ø	26,591	0.67
78,543	Hypoport ^Ø	11,489	0.29
435,862	MTU Aero Engines	80,726	2.02
26,785	Rational ^Ø	16,146	0.41
776,681	Siemens	92,875	2.33
		337,110	8.46
Ireland – 4.11%; 28.2.2023 3.31%			
13,098,269	AIB	47,081	1.18
12,424,203	Bank of Ireland	97,476	2.44
292,127	Kingspan	19,418	0.49
		163,975	4.11
Italy – 6.04%; 28.2.2023 6.71%			
418,027	Ferrari ^Ø	105,309	2.64
6,961,111	UniCredit	135,641	3.40
		240,950	6.04
Netherlands – 15.41%; 28.2.2023 16.51%			
24,556	Adyen	16,413	0.41

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
307,487	ASM International ^Ø	118,130	2.96
494,122	ASML	260,735	6.54
1,556,374	BE Semiconductor Industries ^Ø	141,925	3.56
706,367	IMCD ^Ø	77,435	1.94
		614,638	15.41
Spain – 1.42%; 28.2.2023 2.79%			
17,236,311	CaixaBank ^Ø	56,664	1.42
Sweden – 2.95%; 28.2.2023 3.21%			
3,226,635	Atlas Copco ^Ø	34,043	0.85
3,322,656	Epiroc ^Ø	50,337	1.26
2,125,053	EQT ^Ø	33,438	0.84
		117,818	2.95
Switzerland – 14.76%; 28.2.2023 14.41%			
364,676	Bachem ^Ø	26,989	0.68
536,829	Cie Financiere Richemont	60,315	1.51
381,524	Lonza	166,751	4.18
290,108	Nestle	27,545	0.69
403,959	Sika ^Ø	89,941	2.26
4,234,907	STMicroelectronics	158,612	3.98
482,083	Straumann ^Ø	58,090	1.46
		588,243	14.76
United Kingdom – 2.24%; 28.2.2023 6.20%			
1,143,565	Allfunds	5,364	0.13
1,510,416	Ashtead	84,281	2.11
		89,645	2.24

United States of America – 4.83%; 28.2.2023 0.00%			
630,792	Linde	192,556	4.83

COLLECTIVE INVESTMENT SCHEMES – 0.92%; 28.2.2023 0.25%			
Short-term Money Market Funds – 0.92%; 28.2.2023 0.25%			
369,473	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class [†]	36,938	0.92

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
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DERIVATIVES – (0.02%); 28.2.2023 0.00%				
Contracts for differences ("CFDs") Long – (0.02%); 28.2.2023 0.00%				
2,203,995	Bank of Ireland	17,292	(816)	(0.02)

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Exposure – Underlying Derivatives £000's	Market Value £000's	% of Total Net Assets
Forward Currency Contracts – 0.00%; 28.2.2023 0.00%				
DKK 65,610,357	Danish Krone vs UK Sterling	7,549	(11)	0.00
€ 38,722,452	Euro vs UK Sterling	33,206	(52)	0.00
SEK 18,989,876	Swedish Krona vs UK Sterling	1,372	8	0.00
CHF 5,736,970	Swiss Franc vs UK Sterling	5,135	(22)	0.00
£ 15,392,232	UK Sterling vs Danish Krone	15,372	19	0.00
£ 61,211,506	UK Sterling vs Euro	61,179	39	0.00
£ 2,736,848	UK Sterling vs Swedish Krona	2,712	22	0.00
£ 10,144,684	UK Sterling vs Swiss Franc	10,103	41	0.00
£ 4,526,229	UK Sterling vs US Dollar	4,541	(15)	0.00
US\$3,012,159	US Dollar vs UK Sterling	2,373	(20)	0.00
		143,542	9	0.00
Futures – 0.00%; 28.2.2023 0.00%				
Portfolio of investments			4,018,656	100.76
Net other liabilities			(30,481)	(0.76)
Total net assets			3,988,175	100.00

Unless otherwise stated, all securities are either listed on a recognised exchange or traded on an eligible securities market.

Underlying exposure has been calculated according to the guidelines issued by the European Securities and Markets Authority ("ESMA") (as adopted by the FCA) and represents the market value of an equivalent position in the assets underlying each financial derivative instrument.

The CFDs shown in the portfolio statement starting on page 10 are expressed at both their mark-to-market and original notional which when added together represent the current notional value of the CFDs. The current notional value of a CFD represents the reference amount used to calculate payments between the counterparties to the CFD. The full notional value represents the economic interest in the security underlying the CFD, but does not change hands in full between the counterparties.

The counterparty for the forward currency contracts is Bank of New York Mellon International.

⁰ All or a portion of this investment represents a security on loan.

[†] Managed by a related party.

Statement of Total Return (unaudited)

for the six months ended 31 August 2023

	£000's	31.8.2023 £000's	£000's	31.8.2022 £000's
Income				
Net capital losses		(20,359)		(352,110)
Revenue	71,109		61,564	
Expenses	(19,202)		(21,846)	
Interest payable and similar charges	(339)		(57)	
Net revenue before taxation	51,568		39,661	
Taxation	(5,413)		(5,489)	
Net revenue after taxation		46,155		34,172
Total return before distributions		25,796		(317,938)
Change in net assets attributable to unitholders from investment activities		25,796		(317,938)

Statement of Change in Net Assets Attributable to Unitholders

(unaudited) for the six months ended 31 August 2023

	£000's	31.8.2023 £000's	£000's	31.8.2022 £000's
Opening net assets attributable to unitholders		4,178,960		5,290,960
Amounts receivable on issue of units	363,353		503,146	
Amounts payable on cancellation of units	(579,934)		(1,693,940)	
		(216,581)		(1,190,794)
Change in net assets attributable to unitholders from investment activities		25,796		(317,938)
Closing net assets attributable to unitholders		3,988,175		3,782,228

The above statement shows the comparative closing net assets at 31 August 2022 whereas the current accounting period commenced 1 March 2023.

Balance Sheet (unaudited)

at 31 August 2023

	31.8.2023 £000's	28.2.2023 £000's
Assets:		
Fixed assets		
– Investment assets	4,019,592	4,202,096
Current assets		
– Debtors	52,324	13,182
– Cash and bank balances	16,708	8,857
– Cash collateral posted	760	–
Total assets	4,089,384	4,224,135
Liabilities:		
Investment liabilities	(936)	(62)
Creditors		
– Distributions payable	–	(11,484)
– Other creditors	(100,273)	(33,629)
Total liabilities	(101,209)	(45,175)
Net assets attributable to unitholders	3,988,175	4,178,960

G D Bamping (Director)

M T Zemek (Director)

BlackRock Fund Managers Limited

26 October 2023

Notes to Financial Statements (unaudited)

for the six months ended 31 August 2023

Accounting Policies

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and the Statement of Recommended Practice for Authorised Funds (the "SORP") issued by the Investment Management Association (now known as the Investment Association) in May 2014 and amended in June 2017.

The accounting policies applied are consistent with those of the financial statements for the year ended 28 February 2023 and are described in those annual financial statements.

Supplementary Information

Efficient Portfolio Management Techniques

The Manager may, on behalf of the Fund and subject to the conditions and within the limits laid down by the FCA and the Prospectus, employ techniques and instruments relating to transferable securities, including investments in Over-the-Counter Financial Derivative Instruments (OTC FDIs) provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange risk or for direct investment purposes, where applicable.

In addition to the investments in OTC FDIs, the Fund may employ other techniques and instruments relating to transferable securities and money market instruments, subject to the conditions set out in the Fund's Prospectus, as amended from time to time, and the relevant ESMA Guidelines (as adopted by the FCA), such as repurchase/reverse repurchase transactions ("repo transactions") and securities lending.

Securities Lending and Contracts for Difference (CFDs)

Securities lending transactions entered into by the Fund are subject to a written legal agreement between the Fund and the Stock Lending Agent, BlackRock Advisors (UK) Limited, a related party to the Fund, and separately between the Stock Lending Agent and the approved borrowing counterparty. Collateral received in exchange for securities lent is transferred under a title transfer arrangement and is delivered to and held in an account with a tri-party collateral manager in the name of The Bank of New York Mellon (International) Limited ("the Trustee") on behalf of the Fund. Collateral received is segregated from the assets belonging to the Fund's Trustee or the Stock Lending Agent.

The following table details the value of securities on loan as a proportion of the Fund's total lendable assets and Net Asset Value (NAV) and the value of CFDs as a proportion of the Fund's NAV, as at 31 August 2023. The income/returns earned from securities lending and CFDs respectively are also shown for the period ended 31 August 2023. Total lendable assets represents the aggregate value of assets forming part of the Fund's securities lending programme. This excludes any assets held by the Fund that are not considered lendable due to any market, regulatory, investment or other restriction. The value of CFDs is based on the underlying exposure value on a gross absolute basis.

Securities on loan			CFDs	
% of lendable assets	% of NAV	Income earned £000's	% of NAV	Returns earned £000's
4.70	4.57	152	0.43	109

The total income earned from securities lending transactions is split between the relevant Fund and the Stock Lending Agent. The Fund receives 62.5% while the Stock Lending Agent receives 37.5% of such income, with all operational costs borne out of the Stock Lending Agent's share.

All returns and costs from CFDs will accrue to the Fund and are not subject to any returns or cost sharing arrangements with the Fund's Manager or any other third parties.

Supplementary Information continued

31 August 2023

Counterparty	Counterparty's country of establishment	CFDs	
		Underlying exposure	£000's
HSBC Bank Plc	UK		8,462
J.P.Morgan Securities Plc	UK		8,830
Total			17,292

All securities on loan and CFDs have an open maturity tenor as they are recallable or terminable on a daily basis.

Supplementary Information continued

Collateral

The Fund engages in activities which may require collateral to be provided to a counterparty ("collateral posted") or may hold collateral received ("collateral received") from a counterparty.

The following table provides an analysis by currency of the underlying cash and non-cash collateral received/posted by way of title transfer collateral arrangement by the Fund, in respect of securities lending transactions and OTC FDIs (including CFDs), as at 31 August 2023.

Currency	Cash collateral received £000's	Cash collateral posted £000's	Non-cash collateral received £000's	Non-cash collateral posted £000's
Securities lending transactions				
AUD	–	–	3,628	–
CAD	–	–	8,300	–
CHF	–	–	401	–
CNY	–	–	25,714	–
DKK	–	–	149	–
EUR	–	–	16,632	–
GBP	–	–	4,338	–
HKD	–	–	2,403	–
JPY	–	–	14,511	–
NOK	–	–	2,007	–
SEK	–	–	226	–
SGD	–	–	349	–
USD	–	–	122,063	–
Total	–	–	200,721	–
OTC FDIs				
GBP	–	760	–	–
	–	760	–	–
Total	–	760	200,721	–

All cash posted as collateral has an open maturity tenor as it's not subject to a contractual maturity date.

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions and OTC FDIs cannot be sold, re-invested or pledged.

Supplementary Information continued

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received/posted by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions and OTC FDIs (including CFDs), as at 31 August 2023.

Collateral type and quality	Maturity Tenor					Open transactions	Total
	1 - 7 days	8 - 30 days	31 - 90 days	91 - 365 days	More than 365 days		
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Collateral received - securities lending							
Fixed income							
Investment grade	–	264	179	1,567	50,946	–	52,956
Equities							
Recognised equity index	–	–	–	–	–	145,111	145,111
ETFs							
UCITS	–	–	–	–	–	4	4
Non-UCITS	–	–	–	–	–	2,650	2,650
Total	–	264	179	1,567	50,946	147,765	200,721

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency; Standard & Poor's, Moody's or Fitch.

A recognised equity index contains at least 20 equities where no single equity represents more than 20% of the total index and no five equities combined represent more than 60% of the total index.

The maturity tenor analysis for fixed income securities received as collateral is based on the respective contractual maturity date, while for equity securities and ETFs received as collateral are presented as open transactions as they are not subject to a contractual maturity date.

Supplementary Information continued

As at 31 August 2023, all non-cash collateral received by the Fund in respect of securities lending transactions and OTC FDI (including CFDs) is held by the Fund's Trustee (or through its delegates).

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions and OTC FDIs as at 31 August 2023.

Issuer	Value £000's	% of the Fund's NAV
United States of America (Government)	38,361	0.96
Tencent Holdings Ltd	18,437	0.46
Alibaba Group Holding Ltd	15,198	0.38
TC Energy Corp	8,210	0.21
Taiwan Semiconductor Manufacturing Co Ltd	3,963	0.10
Freeport-McMoRan Inc	2,827	0.07
United Kingdom of Great Britain and Northern Ireland (Government)	2,699	0.07
Southern Co	2,696	0.07
Meta Platforms Inc	2,666	0.07
Salesforce Inc	2,633	0.07
Other issuers	103,031	2.57
Total	200,721	5.03

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