BlackRock.

Annual report and audited financial statements

BlackRock Continental European Income Fund

For the financial year ended 28 February 2023

Contents

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 Corrigall (Resigned 2 May 2023)
W I Cullen*
D Edgar
B Harrison (Resigned 19 August 2022)
K Henry (Appointed 3 March 2023)
A M Lawrence
H N Mepham
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 Continental European Income Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 6 May 2011. The Fund's FCA product reference number is 542061.

Assessment of value

The FCA requires UK fund managers to complete an annual assessment of whether their UK authorised funds provide value for investors. BlackRock's 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.

Fund Managers

As at 28 February 2023, the Fund Managers of the Fund are Brian Hall and Andreas Zoellinger.

Significant Events

Changes in the Directors of the Manager

B Harrison resigned as a Director effective 19 August 2022.

Outbreak of COVID-19

The impact of the coronavirus outbreak was profound across all aspects of society. In developed economies it is clear that the worst of the impact is now over. However there is an expectation that seasonal peaks and new variants could give rise to renewed travel restrictions, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery and supply chain disruptions which will create ongoing challenges. Widescale and comprehensive vaccination programmes have been put in place in many countries which have had a positive effect. Nevertheless, the impact of COVID-19 continues to adversely affect the economies of many nations across the globe and this in turn may continue to impact investments held by the Fund.

Russian Invasion of Ukraine

Certain financial markets have fallen due primarily to geo-political tensions arising from Russia's invasion of Ukraine and the impact of the subsequent range of sanctions, regulations and other measures which impaired normal trading in Russian securities. The Manager continues to monitor investment performance in line with the Fund's investment objective, and the operations of the Fund and the publication of net asset values are continuing. Additional information on the Fund's performance and a global economic overview for key financial markets are included in the Investment Manager's report.

Subsequent Events

Changes in the Directors of the Manager

K Henry was appointed as a director effective 3 March 2023. S Corrigall resigned as a director effective 2 May 2023.

Subsequent Events continued

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2023.

Risk and Reward Profile

Unit Class	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 Income	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
A Income Hedged	1	2	3	4	5	**6**	7
A Accumulation Hedged	1	2	3	4	5	**6**	7
D Income Hedged	1	2	3	4	5	**6**	7
D Accumulation Hedged	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 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 year ended 28 February 2023

Investment Objective

The aim of the Fund is to provide an above average income return (gross of fees) from its equity investments (i.e. shares), compared to the income produced by European equity markets (excluding the UK) as represented by FTSE World Europe Ex UK Index (i.e. a level of income which exceeds that produced by the constituents of the index), without sacrificing capital growth (i.e. the value of the assets held by the Fund) over the long term (5 or more consecutive years beginning at the point of investment).

Target benchmark	Investment management approach
FTSE All World Developed Europe ex UK Index	Active

Performance Summary

The following table compares the Fund's realised performance against the performance of the relevant target benchmark during the financial year ended 28 February 2023.

	Fund return %	Target benchmark %
Class D Accumulation Units	10.50	9.13

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

- Fund returns disclosed, 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 target benchmark close of business valuation point.
- Due to the Financial Reporting Standard 102 ("FRS 102") and the Statement of Recommended Practice for Authorised Funds (the "SORP") requirements which apply to the financial statements, 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 (8.26%) (in US dollar terms) for the twelve months ended 28 February 2023. However, as the pound sterling declined sharply against other influential currencies, the ACWI returned 1.67% (in GBP terms) for the twelve months ended 28 February 2023. Amid concerns about a global economic downturn, both bonds and equities were pressured by persistently high inflation (rate of increase in the prices of goods and services) and rapid monetary policy tightening from the world's largest central banks. The continued impact of Russia's invasion of Ukraine and the resulting disruptions to normal trade patterns contributed to significant volatility (market ups and downs) in some commodity prices.

Driven by a widening trade deficit and lower business investment, US gross domestic product (GDP) contracted in the first half of the twelve month period, raising recession concerns among investors. However, the US economy returned to growth in the third and fourth quarters as both consumer and government spending grew. The US job market showed continued strength and unemployment declined to the lowest level in over 50 years. In Japan, the economy slowed, constrained by weak levels of private consumption and business investment. The UK economy faltered amid weakness in the services and manufacturing sectors. Growth also slowed in the Eurozone as consumer demand was tempered by high inflation and increased borrowing costs.

Most emerging market economies continued to expand, although fluctuating commodity prices and the stronger US dollar presented significant economic challenges. The Chinese economy continued to grow at a slow pace relative to the country's historical growth rate, but a relaxation of strict COVID-19 protocols late in the twelve month period drove investor optimism for an economic rebound. The Indian economy slowed in the second half of 2022, on an annual basis, as private spending and investment growth stalled.

As the effects of restrictions related to the COVID-19 pandemic continued to fade while inflation rose, the world's largest central banks began to implement various measures aimed at monetary policy tightening. The US Federal Reserve ("the Fed") raised interest rates eight times during the year in an effort to control inflation, including four consecutive 75 basis point increases before slowing the pace of its interest rate increases towards the end of the twelve month period. The Fed also ended its bond buying programmes and began reducing some of its accumulated bond holdings in June 2022.

The Bank of England ("BoE") also raised interest rates eight times during the period, as inflation reached a forty one year high. Inflation was also elevated in the Eurozone, and the European Central Bank ("ECB") raised interest rates five times. Furthermore, the ECB signalled that it would take action to prevent significant divergence between bond yields (which move inversely to prices) of Eurozone states as interest rates rise.

Global equity performance was negative during the twelve month period, as investors assessed the impact of rapidly changing economic and credit conditions. Inflation pressures amid strong labour markets and tighter monetary policy from many central banks pressured equities, leading to steep declines, particularly in the first half of the period. Globally, bonds and equities that factor in companies' environmental, social and governance ("ESG") characteristics continued to attract investment flows, although the pace of investment slowed significantly in 2022. New bonds for ESG-related projects declined in 2022 relative to 2021, as higher interest rates weighed on issuance. Nevertheless, inflows into ESG-related stocks and bonds rebounded in early 2023.

Yields (which move inversely to prices) on the 10-year US Treasury, a benchmark lending rate for the global bond market, rose sharply during the twelve month period as central banks tightened monetary policy. The yield curve, which measures the difference between yields at different maturity levels, inverted, such that shorter-maturity yields rose above longer-maturity yields, which is a signal that markets were increasingly concerned about slowing economic growth. Yields on UK gilts rose substantially, and a tax cut proposal raised the likelihood of increased government borrowing, leading to BoE intervention to stabilise the UK gilts market. The government subsequently dropped its proposal, further easing the pressure on gilts. The prices of government bonds in the Eurozone also declined notably for the twelve month period, while Japanese government bonds generally declined more slowly. However, in December 2022, the Japanese government raised its yield cap for 10-year government bond yields, leading to a sharp increase in the yields for those bonds.

Global corporate bond returns were negative overall, as yields rose substantially. Amid growing inflation concerns, most of the largest central banks raised interest rates, reducing the value of existing bonds. Elevated borrowing costs weighed on issuers of corporate bonds, as investors became more concerned about the impact of changing economic conditions.

Equities in emerging markets posted a substantial decline as the US dollar strengthened and interest rates rose. Central banks in several emerging markets, such as India, Brazil, and Mexico, raised interest rates multiple times in response to heightened inflation concerns. Emerging market bond prices declined notably amid continued monetary tightening from the Fed, which drove higher borrowing costs in emerging markets.

The commodities markets were volatile, with prices rising sharply in the aftermath of the Russian invasion of Ukraine before moderating on growth concerns. Brent crude oil prices rose sharply earlier in the twelve month period before falling again to end the period lower, and natural gas prices in the Eurozone fluctuated significantly as countries sought alternate gas suppliers. Gold prices were down slightly, as high interest rates made non-interest-bearing investments relatively less attractive.

On the foreign exchange markets, the US dollar rose against most other global currencies, driven primarily by the Fed's tightening of monetary policy. The Japanese yen, pound sterling, the Chinese yuan, and the euro all fell versus the US dollar as higher US bond yields prompted increased demand for US investments from overseas investors.

Fund Performance Review and Activity

Over the financial year to 28 February 2023, the Fund's performance return was 10.50% and the active return was 1.37%, outperforming its target benchmark which returned 9.13% (active return is the difference between the Fund's return and the target benchmark return).

Whilst the beginning of the period continued to see markets being driven by macroeconomic headlines and factor moves, sentiment improved from October onwards. European equites started a recovery rally due to falling energy prices and lower-than-expected inflation numbers in the US and in Europe, leading to hopes for a slower pace of interest rate hikes.

The Fund's outperformance was driven by strong selection within the healthcare sector as well as a number of the Fund's bank positions and select energy exposure. The latter was the strongest performing sector in the market throughout most of the period. An underweight to real estate and telecoms was also positive.

During the financial year the following were the largest contributors to and detractors from the Fund's return relative to the target benchmark:

Largest Contributors		Largest Detractors	
Stock	**Effect on Fund return**	**Stock**	**Effect on Fund return**
BNP Paribas#	0.86%	Gjensidige Forsikring#	(0.89%)
Novo Nordisk#	0.67%	Royal Unibrew#	(0.77%)
Nordea Bank#	0.61%	Teleperformance#	(0.61%)
Unicredit#	0.61%	Siemens^	(0.44%)
Total Energies#	0.57%	Lonza#	(0.42%)

\# Overweight position - holds more exposure than the target benchmark.
^ Underweight position - holds less exposure than the target benchmark.

The Fund's holdings in banks (BNP, Nordea, Unicredit) aided relative returns on the back of higher interest rates. Novo Nordisk benefitted from strong demand for its weight loss drug while shares in Total Energies rose due to higher energy prices. Negative performance came from Gjensidige Forsikring as insurers underperformed the market. Royal Unibrew struggled with higher input costs and Teleperformance was confronted with a governance issue.

The following table details the significant active positions, where the Fund was overweight (held more exposure than the target benchmark) and underweight (held less exposure than the target benchmark), at 28 February 2023 and 28 February 2022:

Top overweight positions

28 February 2023		28 February 2022	
Stock	**Active Weighting**	**Stock**	**Active Weighting**
Volvo	3.69%	Tele2	4.00%
Nordea Bank	3.67%	EDP - Energias De Portugal	3.91%
Tryg	3.38%	Tryg	3.30%

Top underweight positions

28 February 2023		28 February 2022	
Stock	**Active Weighting**	**Stock**	**Active Weighting**
Novartis	(2.24%)	Novartis	(2.24%)
SAP	(1.65%)	SAP	(1.56%)
Siemens	(1.52%)	Nestle	(1.34%)

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.

Performance Record

Comparative Table

	A Income Units			A Accumulation Units		
	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021
	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	158.1	156.3	144.3	240.8	231.0	207.3
Return before operating charges	20.44	9.82	18.69	32.14	14.04	27.34
Operating charges	(2.61)	(2.84)	(2.54)	(4.05)	(4.27)	(3.68)
Return after operating charges	17.83	6.98	16.15	28.09	9.77	23.66
Distributions	(5.84)	(5.22)	(4.11)	(8.96)	(7.78)	(5.97)
Retained distributions on accumulation units	N/A	N/A	N/A	8.96	7.78	5.97
Closing net asset value per unit	170.1	158.1	156.3	268.9	240.8	231.0
After direct transaction costs of	(0.17)	(0.16)	(0.09)	(0.27)	(0.25)	(0.14)
Performance						
Return after charges[1]	11.28%	4.47%	11.20%	11.67%	4.23%	11.41%
Other information						
Closing net asset value (£000's)	15,896	42,523	51,836	19,398	22,964	41,352
Closing number of units	9,345,882	26,903,406	33,156,270	7,214,123	9,537,959	17,904,757
Operating charges[2]	1.67%	1.67%	1.69%	1.66%	1.67%	1.68%
Direct transaction costs[3]	0.11%	0.10%	0.06%	0.11%	0.10%	0.06%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	181.5	189.9	176.7	286.3	287.4	260.6
Lowest bid unit price	142.9	152.9	110.6	220.6	230.7	158.8

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on close of business prices.

[2] 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).

[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments. See note 14 for further details.

Performance Record continued

Comparative Table continued

	X Income Units			X Accumulation Units		
	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021
	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	110.3	107.3	97.32	175.5	165.6	146.1
Return before operating charges	14.47	6.58	12.77	23.74	9.93	19.52
Operating charges	(0.02)	(0.02)	(0.03)	(0.05)	(0.06)	(0.05)
Return after operating charges	14.45	6.56	12.74	23.69	9.87	19.47
Distributions	(4.08)	(3.60)	(2.79)	(6.53)	(5.60)	(4.22)
Retained distributions on accumulation units	N/A	N/A	N/A	6.53	5.60	4.22
Closing net asset value per unit	120.7	110.3	107.3	199.2	175.5	165.6
After direct transaction costs of	(0.12)	(0.11)	(0.06)	(0.20)	(0.18)	(0.10)
Performance						
Return after charges[1]	13.10%	6.11%	13.09%	13.50%	5.96%	13.33%
Other information						
Closing net asset value (£000's)	28,028	23,472	25,639	1,736	1,942	3,119
Closing number of units	23,227,438	21,286,881	23,901,520	871,377	1,106,464	1,883,575
Operating charges[2]	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%
Direct transaction costs[3]	0.11%	0.10%	0.06%	0.11%	0.10%	0.06%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	122.6	125.6	115.2	201.9	198.5	177.5
Lowest bid unit price	100.7	106.7	74.60	160.8	165.5	112.0

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on close of business prices.

[2] 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).

[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments.
See note 14 for further details.

Comparative Table continued

	D Income Units			D Accumulation Units		
	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021
	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	171.2	168.1	153.9	261.4	248.8	221.6
Return before operating charges	22.37	10.44	20.06	35.13	15.08	29.40
Operating charges	(1.55)	(1.69)	(1.48)	(2.42)	(2.51)	(2.17)
Return after operating charges	20.82	8.75	18.58	32.71	12.57	27.23
Distributions	(6.34)	(5.63)	(4.40)	(9.74)	(8.40)	(6.40)
Retained distributions on accumulation units	N/A	N/A	N/A	9.74	8.40	6.40
Closing net asset value per unit	185.7	171.2	168.1	294.1	261.4	248.8
After direct transaction costs of	(0.19)	(0.18)	(0.10)	(0.30)	(0.27)	(0.15)
Performance						
Return after charges[1]	12.16%	5.21%	12.07%	12.51%	5.05%	12.29%
Other information						
Closing net asset value (£000's)	1,127,550	1,116,416	1,179,417	368,295	298,175	296,013
Closing number of units	607,250,012	652,027,740	701,714,222	125,224,093	114,080,262	118,962,107
Operating charges[2]	0.91%	0.92%	0.92%	0.91%	0.91%	0.92%
Direct transaction costs[3]	0.11%	0.10%	0.06%	0.11%	0.10%	0.06%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	188.6	195.4	180.8	298.2	296.5	267.1
Lowest bid unit price	155.5	165.7	118.0	239.5	248.6	169.9

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on close of business prices.

[2] 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).

[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments. See note 14 for further details.

Performance Record continued

Comparative Table continued

	A Income Hedged Units			A Accumulation Hedged Units		
	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021
	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	118.6	113.3	109.0	153.4	142.1	127.9
Return before operating charges	10.65	11.24	8.93	13.98	13.99	16.33
Operating charges	(1.91)	(2.09)	(1.76)	(2.57)	(2.71)	(2.18)
Return after operating charges	8.74	9.15	7.17	11.41	11.28	14.15
Distributions	(4.33)	(3.82)	(2.91)	(5.61)	(4.83)	(3.53)
Retained distributions on accumulation units	N/A	N/A	N/A	5.61	4.83	3.53
Closing net asset value per unit	123.0	118.6	113.3	164.8	153.4	142.1
After direct transaction costs of	(0.13)	(0.12)	(0.07)	(0.17)	(0.15)	(0.08)
Performance						
Return after charges[1]	7.37%	8.08%	6.58%	7.44%	7.94%	11.06%
Other information						
Closing net asset value (£000's)	455	720	1,156	2	2	1
Closing number of units	370,143	606,766	1,020,771	1,000	1,000	1,000
Operating charges[2]	1.67%	1.67%	1.67%	1.70%	1.70%	1.68%
Direct transaction costs[3]	0.11%	0.10%	0.06%	0.11%	0.10%	0.06%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	131.1	140.2	123.0	173.4	180.9	154.0
Lowest bid unit price	102.3	114.2	77.84	136.6	143.2	92.70

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on close of business prices.

[2] 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).

[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments. See note 14 for further details.

Comparative Table continued

	D Income Hedged Units			D Accumulation Hedged Units		
	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021
	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	124.7	118.1	111.1	153.5	141.0	128.0
Return before operating charges	11.05	11.77	11.07	14.22	13.99	14.24
Operating charges	(1.10)	(1.19)	(1.03)	(1.38)	(1.45)	(1.20)
Return after operating charges	9.95	10.58	10.04	12.84	12.54	13.04
Distributions	(4.56)	(3.99)	(3.04)	(5.65)	(4.81)	(3.54)
Retained distributions on accumulation units	N/A	N/A	N/A	5.65	4.81	3.54
Closing net asset value per unit	130.1	124.7	118.1	166.3	153.5	141.0
After direct transaction costs of	(0.13)	(0.13)	(0.07)	(0.17)	(0.15)	(0.08)
Performance						
Return after charges[1]	7.98%	8.96%	9.04%	8.36%	8.89%	10.19%
Other information						
Closing net asset value (£000's)	15,751	14,340	13,266	8,947	9,468	7,212
Closing number of units	12,107,519	11,500,696	11,232,649	5,378,868	6,166,910	5,113,590
Operating charges[2]	0.91%	0.91%	0.94%	0.91%	0.91%	0.93%
Direct transaction costs[3]	0.11%	0.10%	0.06%	0.11%	0.10%	0.06%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	131.4	140.2	122.2	166.7	172.2	145.6
Lowest bid unit price	108.0	119.1	80.55	137.4	142.2	92.82

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on close of business prices.
[2] 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).
[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments.
See note 14 for further details.

Distribution Tables

for the year ended 28 February 2023

Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 December 2022

Group 2 – Units purchased 1 December 2022 to 28 February 2023

	A Income Units		A Accumulation Units		X Income Units		X Accumulation Units	
	Group 1	**Group 2**	**Group 1**	**Group 2**	**Group 1**	**Group 2**	**Group 1**	**Group 2**
Net revenue (dividend)	0.3500	0.0678	0.5520	0.2658	0.2459	0.0025	0.4037	0.0057
Equalisation†	–	0.2822	–	0.2862	–	0.2434	–	0.3980
Distribution paid 30.4.2023	**0.3500**	**0.3500**	**0.5520**	**0.5520**	**0.2459**	**0.2459**	**0.4037**	**0.4037**
Distribution paid 30.4.2022	**0.3392**	**0.3392**	**0.5152**	**0.5152**	**0.2380**	**0.2380**	**0.3777**	**0.3777**

	D Income Units		D Accumulation Units		A Income Hedged Units		A Accumulation Hedged Units	
	Group 1	**Group 2**	**Group 1**	**Group 2**	**Group 1**	**Group 2**	**Group 1**	**Group 2**
Net revenue (dividend)	0.3816	0.0779	0.6030	0.0778	0.2536	0.2536	0.3320	0.3320
Equalisation†	–	0.3037	–	0.5252	–	0.0000	–	0.0000
Distribution paid 30.4.2023	**0.3816**	**0.3816**	**0.6030**	**0.6030**	**0.2536**	**0.2536**	**0.3320**	**0.3320**
Distribution paid 30.4.2022	**0.3676**	**0.3676**	**0.5600**	**0.5600**	**0.2534**	**0.2534**	**0.3250**	**0.3250**

	D Income Hedged Units		D Accumulation Hedged Units	
	Group 1	**Group 2**	**Group 1**	**Group 2**
Net revenue (dividend)	0.2679	0.0327	0.3417	0.0397
Equalisation†	–	0.2352	–	0.3020
Distribution paid 30.4.2023	**0.2679**	**0.2679**	**0.3417**	**0.3417**
Distribution paid 30.4.2022	**0.2661**	**0.2661**	**0.3271**	**0.3271**

Third Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2022

Group 2 – Units purchased 1 September 2022 to 30 November 2022

	A Income Units		A Accumulation Units		X Income Units		X Accumulation Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	0.5049	0.3002	0.7927	0.5231	0.3552	0.3552	0.5827	0.5827
Equalisation†	–	0.2047	–	0.2696	–	0.0000	–	0.0000
Distribution paid 31.1.2023	**0.5049**	**0.5049**	**0.7927**	**0.7927**	**0.3552**	**0.3552**	**0.5827**	**0.5827**
Distribution paid 31.1.2022	**0.7015**	**0.7015**	**1.0619**	**1.0619**	**0.4880**	**0.4880**	**0.7704**	**0.7704**

	D Income Units		D Accumulation Units		A Income Hedged Units		A Accumulation Hedged Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	0.5506	0.2960	0.8675	0.5272	0.3646	0.3646	0.4810	0.4810
Equalisation†	–	0.2546	–	0.3403	–	0.0000	–	0.0000
Distribution paid 31.1.2023	**0.5506**	**0.5506**	**0.8675**	**0.8675**	**0.3646**	**0.3646**	**0.4810**	**0.4810**
Distribution paid 31.1.2022	**0.7578**	**0.7578**	**1.1499**	**1.1499**	**0.5143**	**0.5143**	**0.6620**	**0.6620**

	D Income Hedged Units		D Accumulation Hedged Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	0.3845	0.2549	0.4892	0.2212
Equalisation†	–	0.1296	–	0.2680
Distribution paid 31.1.2023	**0.3845**	**0.3845**	**0.4892**	**0.4892**
Distribution paid 31.1.2022	**0.5400**	**0.5400**	**0.6609**	**0.6609**

Distribution Tables continued

Second Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 June 2022

Group 2 – Units purchased 1 June 2022 to 31 August 2022

	A Income Units		A Accumulation Units		X Income Units		X Accumulation Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	0.3760	0.0953	0.5899	0.2397	0.2628	0.1043	0.4303	0.4303
Equalisation†	–	0.2807	–	0.3502	–	0.1585	–	0.0000
Distribution paid 31.10.2022	**0.3760**	**0.3760**	**0.5899**	**0.5899**	**0.2628**	**0.2628**	**0.4303**	**0.4303**
Distribution paid 31.10.2021	**1.0047**	**1.0047**	**1.5125**	**1.5125**	**0.6956**	**0.6956**	**1.0929**	**1.0929**

	D Income Units		D Accumulation Units		A Income Hedged Units		A Accumulation Hedged Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	0.4084	0.1063	0.6418	0.1641	0.2773	0.2773	0.3650	0.3650
Equalisation†	–	0.3021	–	0.4777	–	0.0000	–	0.0000
Distribution paid 31.10.2022	**0.4084**	**0.4084**	**0.6418**	**0.6418**	**0.2773**	**0.2773**	**0.3650**	**0.3650**
Distribution paid 31.10.2021	**1.0833**	**1.0833**	**1.6341**	**1.6341**	**0.7376**	**0.7376**	**0.9430**	**0.9430**

	D Income Hedged Units		D Accumulation Hedged Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	0.2922	0.0548	0.3705	0.1446
Equalisation†	–	0.2374	–	0.2259
Distribution paid 31.10.2022	**0.2922**	**0.2922**	**0.3705**	**0.3705**
Distribution paid 31.10.2021	**0.7713**	**0.7713**	**0.9386**	**0.9386**

First Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2022

Group 2 – Units purchased 1 March 2022 to 31 May 2022

	A Income Units		A Accumulation Units		X Income Units		X Accumulation Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	4.6127	3.2695	7.0274	1.5728	3.2191	2.5829	5.1176	5.1176
Equalisation†	–	1.3432	–	5.4546	–	0.6362	–	0.0000
Distribution paid 31.7.2022	**4.6127**	**4.6127**	**7.0274**	**7.0274**	**3.2191**	**3.2191**	**5.1176**	**5.1176**
Distribution paid 31.7.2021	**3.1724**	**3.1724**	**4.6862**	**4.6862**	**2.1760**	**2.1760**	**3.3566**	**3.3566**

	D Income Units		D Accumulation Units		A Income Hedged Units		A Accumulation Hedged Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	5.0010	3.0507	7.6320	5.4856	3.4340	3.4340	4.4310	4.4310
Equalisation†	–	1.9503	–	2.1464	–	0.0000	–	0.0000
Distribution paid 31.7.2022	**5.0010**	**5.0010**	**7.6320**	**7.6320**	**3.4340**	**3.4340**	**4.4310**	**4.4310**
Distribution paid 31.7.2021	**3.4134**	**3.4134**	**5.0532**	**5.0532**	**2.3103**	**2.3103**	**2.8990**	**2.8990**

	D Income Hedged Units		D Accumulation Hedged Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	3.6133	2.3831	4.4492	2.5318
Equalisation†	–	1.2302	–	1.9174
Distribution paid 31.7.2022	**3.6133**	**3.6133**	**4.4492**	**4.4492**
Distribution paid 31.7.2021	**2.4115**	**2.4115**	**2.8800**	**2.8800**

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Report on Remuneration

The below disclosures are made in respect of the remuneration policies of the BlackRock group ("BlackRock"), as they apply to BlackRock Fund Managers Limited (the "ManCo"). The disclosures are made in accordance with the provisions in the UK implementation of Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("UCITS"), as amended, including in particular by Directive 2014/91/EU of the European Parliament and of the council of 23 July 2014, (the "Directive"), the "Guidelines on sound remuneration policies under the UCITS Directive and AIFMD" issued by the European Securities and Markets Authority, the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2018, the Financial Conduct Authority ("FCA") Handbook SYSC 19E: The UCITS Remuneration Code (the "UCITS Remuneration Code"), and COLL 4.5.7 R(7).

BlackRock's UCITS Remuneration Policy (the "UCITS Remuneration Policy") will apply to the EEA entities within the BlackRock group authorised as a manager of UCITS funds in accordance with the Directive, and will ensure compliance with the requirements of Article 14b of the Directive and to UK entities within the BlackRock group authorised as a manager of a UK UCITS fund in accordance with UCITS as implemented, retained and onshored in the UK.

The ManCo has adopted the UCITS Remuneration Policy, a summary of which is set out below.

Remuneration Governance

BlackRock's remuneration governance in EMEA operates as a tiered structure which includes: (a) the Management Development and Compensation Committee ("MDCC") (which is the global, independent remuneration committee for BlackRock, Inc. and (b) the ManCo's board of directors (the "ManCo's Board"). These bodies are responsible for the determination of BlackRock's remuneration policies which includes reviewing the remuneration policy on a regular basis and being responsible for its implementation.

The implementation of the remuneration policy is annually subject to central and independent review for compliance with policies and procedures for remuneration adopted by the MDCC and by the ManCo's Board. The most recent review found no fundamental issues. The remuneration disclosure is produced and owned by MDCC and the Manager's Board.

No material changes were made to the remuneration policy in 2022.

(a) MDCC

The MDCC's purposes include:

- providing oversight of:
  - BlackRock's executive compensation programmes;
  - BlackRock's employee benefit plans; and
  - such other compensation plans as may be established by BlackRock from time to time for which the MDCC is deemed as administrator;
- reviewing and discussing the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management and approving the MDCC's report for inclusion in the proxy statement;
- reviewing, assessing and making reports and recommendations to the BlackRock, Inc. Board of Directors (the "BlackRock, Inc. Board") as appropriate on BlackRock's talent development and succession planning, with the emphasis on performance and succession at the highest management levels; and

- supporting the boards of the Company's EMEA regulated entities in meeting their remuneration-related obligations by overseeing the design and implementation of EMEA remuneration policy in accordance with applicable regulations.

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, who has no relationship with BlackRock, Inc. or the BlackRock, Inc. Board that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The BlackRock, Inc. Board has determined that all of the members of the MDCC are "independent" within the meaning of the listing standards of the New York Stock Exchange (NYSE), which requires each meet a "non-employee director" standard.

The MDCC held 7 meetings during 2022. The MDCC charter is available on BlackRock, Inc.'s website (www.blackrock.com).

Through its regular reviews, the MDCC continues to be satisfied with the principles of BlackRock's compensation policy and approach.

(b) The ManCo's Board

The ManCo's Board has the task of supervising and providing oversight of the UCITS Remuneration Policy as it applies to the ManCo and its Identified Staff.

Decision-making process

Remuneration decisions for employees are made once annually in January following the end of the performance year. This timing allows full-year financial results to be considered along with other non-financial goals and objectives. Although the framework for remuneration decision-making is tied to financial performance, significant discretion is used to determine individual variable remuneration based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual remuneration amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award. The variable remuneration awarded to any individual(s) for a particular performance year may also be zero.

Annual incentive awards are paid from a bonus pool.

The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after year-end. As part of this review, the MDCC receives actual and projected financial information over the course of the year as well as final year-end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of BlackRock's financial performance (e.g., net inflows of AUM and investment performance) as well as information regarding market conditions and competitive compensation levels.

The MDCC regularly considers management's recommendation as to the percentage of pre-incentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

As part of the year-end review process the Enterprise Risk and Regulatory Compliance departments report to the MDCC on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

Control functions

Each of the control functions (Enterprise Risk, Legal & Compliance, and Internal Audit) has its own organisational structure which is independent of the business units and therefore staff members in control functions are remunerated independently of the businesses they oversee. The head of each control function is either a member of the Global Executive Committee ("GEC"), the global management committee, or has a reporting obligation to the board of directors of BlackRock Group Limited, the parent company of all of BlackRock's EMEA regulated entities, including the ManCo.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the MDCC.

Link between pay and performance

There is a clear and well defined pay-for-performance philosophy and compensation programmes which are designed to meet the following key objectives as detailed below:

- appropriately balance BlackRock's financial results between shareholders and employees;
- attract, retain and motivate employees capable of making significant contributions to the long-term success of the business;
- align the interests of senior employees with those of shareholders by awarding BlackRock Inc.'s stock as a significant part of both annual and long-term incentive awards;
- control fixed costs by ensuring that compensation expense varies with profitability;
- link a significant portion of an employee's total compensation to the financial and operational performance of the business;
- promote sound and effective risk management across all risk categories, including sustainability risk;
- discourage excessive risk-taking (sustainability related or otherwise); and
- ensure that client interests are not negatively impacted by remuneration awarded on a short-term, mid-term and/or long-term basis.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but don't pre-determine compensation outcomes. Compensation decisions remain discretionary and are made as part of the year-end compensation process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- factors relevant to an employee individually; relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);
- the management of risk within the risk profiles appropriate for BlackRock's clients;
- strategic business needs, including intentions regarding retention;
- market intelligence;
- criticality to business; and
- supporting the firm's approaches to environmental, social and governance factors and diversity, equity and inclusion.

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Remuneration practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

BlackRock operates a total compensation model for remuneration which includes a base salary, which is contractual, and a discretionary bonus scheme.

BlackRock operates an annual discretionary bonus scheme. Although all employees are eligible to be considered for a discretionary bonus, there is no contractual obligation to make any award to an employee under its discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above (under the heading "Link between pay and performance") may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion paid in BlackRock, Inc. stock and subject to additional vesting/clawback conditions. Stock awards are subject to further performance adjustment through variation in BlackRock, Inc.'s share price over the vesting period. As total annual compensation increases, a greater portion is deferred into stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the compensation package for eligible employees, including the executive officers. The portion deferred into stock vests into three equal instalments over the three years following grant.

Supplementary to the annual discretionary bonus as described above, equity awards may be made to select individuals to provide greater linkage with future business results. These long-term incentive awards have been established individually to provide meaningful incentive for continued performance over a multi-year period recognising the scope of the individual's role, business expertise and leadership skills.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the "BlackRock Performance Incentive Plan" ("BPIP"). Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin[1] and Organic Revenue Growth[2]. Determination of pay-out will be made based on the firm's achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where the firm's financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure across market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have "skin in the game" through significant personal investments.

Identified Staff

The UCITS Remuneration Policy sets out the process that will be applied to identify staff as Identified Staff, being categories of staff of the ManCo, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the ManCo or of the funds it manages.

The list of Identified Staff will be subject to regular review, being formally reviewed in the event of, but not limited to:

- organisational changes;
- new business initiatives;
- changes in significant influence function lists;
- changes in role responsibilities; and
- revised regulatory direction.

Quantitative Remuneration Disclosure

The ManCo is required under the Directive to make quantitative disclosures of remuneration. These disclosures are made in line with BlackRock's interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops BlackRock may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other BlackRock fund disclosures in that same year.

1 As Adjusted Operating Margin: As reported in BlackRock's external filings, reflects adjusted Operating Income divided by Total Revenue net of distribution and servicing expenses and amortisation of deferred sales commissions.

2 Organic Revenue Growth: Equal to net new base fees plus net new Aladdin revenue generated in the year (in dollars).

Disclosures are provided in relation to (a) the staff of the ManCo; (b) staff who are senior management; and (c) staff who have the ability to materially affect the risk profile of the Fund, including individuals who, although not employed by the ManCo, are assigned by their employer to carry out services for the ManCo.

All individuals included in the aggregated figures disclosed are rewarded in line with BlackRock's remuneration policy for their responsibilities across the relevant BlackRock business area. As all individuals have a number of areas of responsibilities, only the portion of remuneration for those individuals' services attributable to the ManCo is included in the aggregate figures disclosed.

Members of staff and senior management of the ManCo typically provide both UCITS and non-UCITS related services in respect of multiple funds, clients and functions of the ManCo and across the broader BlackRock group. Conversely, members of staff and senior management of the broader BlackRock group may provide both UCITS and non-UCITS related services in respect of multiple funds, clients and functions of the broader BlackRock group and of the ManCo. Therefore, the figures disclosed are a sum of individual's portion of remuneration attributable to the ManCo according to an objective apportionment methodology which acknowledges the multiple-service nature of the ManCo and the broader BlackRock group. Accordingly, the figures are not representative of any individual's actual remuneration or their remuneration structure.

The amount of the total remuneration awarded to the ManCo's staff in respect of the ManCo's financial year ending 31 December 2022 is US dollar 194.5 million. This figure is comprised of fixed remuneration of US dollar 109.3 million and variable remuneration of US dollar 85.3 million. There were a total of 3,790 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the ManCo in respect of the ManCo's financial year ending 31 December 2022, to its senior management was US dollar 21.6 million, and to other members of its staff whose actions potentially have a material impact on the risk profile of the ManCo or its funds was US dollar 8.8 million. These figures relate to the entire ManCo and not to the Fund.

Portfolio Statement

at 28 February 2023

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
EQUITIES – 99.24%; 28.2.2022 99.27%			
Belgium – 2.85%; 28.2.2022 0.39%			
389,124	Azelis	8,218	0.52
590,026	KBC	36,927	2.33
		45,145	**2.85**
Denmark – 12.62%; 28.2.2022 11.53%			
257,086	Carlsberg	30,083	1.90
228,880	DSV	34,482	2.17
466,081	Novo Nordisk	54,934	3.46
435,805	Royal Unibrew[Ø]	25,333	1.60
2,993,920	Tryg	55,408	3.49
		200,240	**12.62**
Finland – 6.97%; 28.2.2022 4.57%			
6,385,645	Nordea Bank	67,566	4.26
1,059,371	Sampo	43,027	2.71
		110,593	**6.97**
France – 30.53%; 28.2.2022 25.08%			
4,769,367	ALD	52,454	3.31
1,180,876	BNP Paribas	68,769	4.34
685,009	Cie de Saint-Gobain	33,668	2.12
1,651,304	Euroapi	22,368	1.41
56,702	L'Oreal[Ø]	18,778	1.18
71,142	LVMH Moet Hennessy Louis Vuitton	49,522	3.12
88,865	Pernod Ricard[Ø]	15,471	0.98
398,266	Sanofi	31,381	1.98
25,982	Sartorius Stedim Biotech	7,201	0.45
274,164	Schneider Electric	36,621	2.31
319,903	Thales	37,189	2.35
1,179,721	TotalEnergies[Ø]	60,941	3.84
524,360	Vinci	49,723	3.14
		484,086	**30.53**
Germany – 4.38%; 28.2.2022 11.41%			
152,406	MTU Aero Engines[Ø]	31,091	1.96
849,341	RWE	29,856	1.88
23,676	Sartorius[Ø]	8,516	0.54
		69,463	**4.38**

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
Italy – 3.27%; 28.2.2022 3.10%			
3,035,094	UniCredit[Ø]	**51,859**	**3.27**
Netherlands – 5.31%; 28.2.2022 3.17%			
95,657	ASML	49,859	3.14
915,102	ASR Nederland	34,455	2.17
		84,314	**5.31**
Norway – 2.43%; 28.2.2022 3.15%			
2,627,321	Gjensidige Forsikring[Ø]	**38,531**	**2.43**
Portugal – 0.00%; 28.2.2022 4.10%			
Spain – 3.15%; 28.2.2022 0.00%			
1,953,181	Industria de Diseno Textil	**50,003**	**3.15**
Sweden – 6.93%; 28.2.2022 10.75%			
702,236	Alfa Laval[Ø]	19,070	1.20
1,663,721	Epiroc	26,042	1.64
3,935,634	Volvo	64,891	4.09
		110,003	**6.93**
Switzerland – 16.37%; 28.2.2022 17.24%			
106,366	Lonza	53,307	3.36
471,680	Nestle	44,809	2.83
190,486	Roche	46,020	2.90
137,115	Sika	31,954	2.02
932,906	STMicroelectronics	37,322	2.35
116,445	Zurich Insurance[Ø]	46,104	2.91
		259,516	**16.37**
United Kingdom – 4.43%; 28.2.2022 4.78%			
93,639	Linde[Ø]	26,600	1.68
1,739,221	RELX	43,602	2.75
		70,202	**4.43**
COLLECTIVE INVESTMENT SCHEMES – 0.51%; 28.2.2022 0.17%			
Short-term Money Market Funds – 0.51%; 28.2.2022 0.17%			
80,806	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class[†]	**8,080**	**0.51**

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
DERIVATIVES – 0.00%; 28.2.2022 0.00%				
Forward Currency Contracts – 0.00%; 28.2.2022 0.00%				
DKK 1,373,473	Danish krone vs UK sterling[^]	164	–	0.00
€1,081,661	Euro vs UK sterling	948	(6)	0.00

Holding or Nominal Value	Investment	Underlying Exposure − Derivatives £000's	Market Value £000's	% of Total Net Assets
NOK 883,462	Norwegian krone vs UK sterling^	68	–	0.00
SEK 1,281,276	Swedish krona vs UK sterling^	99	–	0.00
CHF 747,734	Swiss franc vs UK sterling	659	(11)	0.00
£6,545,245	UK sterling vs Danish krone	6,523	19	0.00
£29,080,775	UK sterling vs Euro	28,995	87	0.00
£1,295,768	UK sterling vs Norwegian krone	1,283	11	0.00
£5,743,629	UK sterling vs Swedish krona	5,757	(13)	0.00
£7,807,173	UK sterling vs Swiss franc	7,802	4	0.00
		52,298	**91**	**0.00**
Portfolio of investments			**1,582,126**	**99.75**
Net other assets			3,932	0.25
Total net assets			**1,586,058**	**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 counterparty the forward currency contracts is Bank of New York Mellon International.

Ø All or a portion of this investment represents a security on loan, see note 2(b) iv) for further details.

† Managed by a related party.

^ Investments which are less than £500 are rounded to zero.

Statement of Total Return

for the year ended 28 February 2023

	Notes	£000's	For the year to 28.2.2023 £000's	£000's	For the year to 28.2.2022 £000's
Income					
Net capital gains	3		132,610		55,219
Revenue	4	60,896		59,277	
Expenses	5	(13,710)		(15,802)	
Interest payable and similar charges	6	(13)		(19)	
Net revenue before taxation		47,173		43,456	
Taxation	7	(4,786)		(6,264)	
Net revenue after taxation			42,387		37,192
Total return before distributions			174,997		92,411
Distributions	8		(56,094)		(52,992)
Change in net assets attributable to unitholders from investment activities			**118,903**		**39,419**

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2023

	£000's	For the year to 28.2.2023 £000's	£000's	For the year to 28.2.2022 £000's
Opening net assets attributable to unitholders		1,530,022		1,619,011
Amounts receivable on issue of units	412,630		358,188	
Amounts payable on cancellation of units	(487,639)		(497,981)	
		(75,009)		(139,793)
Change in net assets attributable to unitholders from investment activities		118,903		39,419
Retained distribution on accumulation units		12,142		11,385
Closing net assets attributable to unitholders		**1,586,058**		**1,530,022**

Balance Sheet

at 28 February 2023

	Notes	28.2.2023 £000's	28.2.2022 £000's
Assets:			
Fixed assets			
– Investment assets		1,582,156	1,521,516
Current assets			
– Debtors	9	14,683	16,708
– Cash and bank balances		1,672	3,109
Total assets		**1,598,511**	**1,541,333**
Liabilities:			
Investment liabilities		(30)	(98)
Creditors			
– Distributions payable		(2,441)	(2,571)
– Other creditors	10	(9,982)	(8,642)
Total liabilities		**(12,453)**	**(11,311)**
Net assets attributable to unitholders		**1,586,058**	**1,530,022**

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
31 May 2023

Notes to Financial Statements

for the year ended 28 February 2023

1. Accounting and Distribution Policies

Accounting Policies

(a) 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 financial statements have been prepared on a going concern basis in accordance with UK GAAP and the SORP. The Fund is able to meet all of its liabilities from its assets. The performance, marketability and risks of the Fund are reviewed on a regular basis throughout the financial period. Therefore, the Directors of the Manager believe that the Fund will continue in operational existence for a period of one year from the date of approval of the financial statements and is financially sound. The Directors of the Manager are satisfied that, at the time of approving the financial statements, it is appropriate to continue to adopt the going concern basis in preparing the financial statements of the Fund.

(b) Bank interest is recognised on an accruals basis.

Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when the right to receive payment is established.

All REIT dividend revenue is recognised on an accruals basis.

Any reported revenue from an offshore fund with reporting status from HMRC, in excess of any distribution received in the reporting period, is recognised as revenue no later than the date on which the reporting fund makes this information available. The equalisation element is treated as capital.

All revenue is recognised as a gross amount that takes account of any withholding taxes but excludes any other taxes such as attributable tax credits.

Revenue from securities lending is accounted for net of associated costs and is recognised on an accruals basis.

(c) The underlying circumstances behind both special dividends and share buy backs are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Any tax treatment will follow the accounting treatment of the principal amount.

(d) Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Fund is required to take up some or all of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

(e) All expenses, except those relating to the purchase and sale of investments are charged against revenue. All expenses are recognised on an accruals basis.

(f) Provision for corporation tax is made at the current rate on the excess of taxable revenue over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is considered more likely than not that there will be taxable profits in the future against which the asset can be offset.

(g) Where the end of the accounting year on the Balance Sheet date is a business day, the valuation point is 12 noon, and where the end of the accounting year on the Balance Sheet date is a non-business day, the valuation point is end of day. All investments are valued at their fair value as at the end of the accounting period. In the case of an investment which is not quoted, listed or dealt in on a recognised market, or in respect of which a listed, traded or dealt price or quotation is not available at the time of valuation, the fair value of such investment shall be estimated with care and in good faith by a competent professional person, body, firm or corporation including the Manager's pricing committee and such fair value shall be determined on the basis of the probable realisation value of the investment. The Manager shall be entitled to adopt an alternative method of valuing any particular asset if it considers that the methods of valuation set out above do not provide a fair valuation of a particular asset or liability.

For Over-the-Counter ("OTC") derivatives including Credit Default Swaps, Currency Swaps, Forward Currency Contracts, Inflation Swaps, Interest Rate Swaps, OTC Options, Swaptions, Synthetic Caps, Total Return Swaps and Volatility Swaps; fair value is determined based on valuation pricing models which take into account relevant market inputs as well as the time values, liquidity and volatility factors underlying the positions.

Investments in dual priced Collective Investment Schemes have been valued at the latest available published bid price market values. Investments in single priced Collective Investment Schemes have been valued at the latest available published market values.

(h) Any transactions in foreign currencies are translated into sterling at the rates of exchange ruling on the date of any such transaction. Assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at the end of the accounting period. Revenue items in foreign currencies are translated into sterling at the exchange rate when the revenue is received.

(i) Where appropriate, certain permitted financial instruments such as derivatives are used for efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in 'Revenue' in the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net capital gains' in the Statement of Total Return.

(j) Cash and bank balances consist of deposits held on call with banks and cash held with clearing brokers and counterparties.

Distribution Policies

(k) The ordinary element of stock dividends is treated as revenue and forms part of the distribution.

(l) Special dividends and share buy backs recognised as revenue form part of the distribution.

(m) All of the net revenue available for distribution at the final accounting period end will be distributed to unitholders as a dividend with the balance attributable to accumulation unitholders retained within the Fund. In order to conduct a controlled dividend flow to unitholders, interim distributions may be made at the Manager's discretion, up to a maximum of the distributable revenue available for the period. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

(n) At the Manager's discretion all expenses were reimbursed by capital for distribution purposes during the year. The amount reimbursed may vary between accounting periods.

2. Financial Instruments and Risks

The Fund's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and investors should refer to the Prospectus for a more detailed discussion of the risks inherent in investing in the Fund.

2. Financial Instruments and Risks continued

Risk management framework

The Manager has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Fund is managed within the terms of its investment guidelines and limits set out in the Prospectus. The Manager reserves to itself the investment performance, product risk monitoring and oversight and the responsibility for the monitoring and oversight of regulatory and operational risk for the Fund.

The Manager has appointed a risk manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the BlackRock Risk and Quantitative Analysis Group ("RQA Group") which is a centralised group which performs an independent risk management function. The RQA Group independently identifies, measures and monitors investment risk. The RQA Group tracks the actual risk management practices being deployed across the different funds. By breaking down the components of the process, the RQA Group has the ability to determine if the appropriate risk management processes are in place for the Fund. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The principal risk exposure of the Fund is set out as follows:

(a) Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. It represents the potential loss the Fund may suffer through holding market positions in the face of market movements. The Fund is exposed to market risk by virtue of its investments in equities and forward currency contracts.

A key metric the RQA Group uses to measure market risk is Value-at-Risk ("VaR") which encompasses price, currency and interest rate risk. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

The VaR calculations are based on an adjusted historical simulation model with a confidence level of 99%, a holding period of one day and a historical observation period of not less than one year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period the Fund will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk.

It is noted that the use of the VaR methodology has limitations, namely that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations and the nature of the VaR measure mean that the Fund can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts, will not occur more frequently.

The one day VaR as at 28 February 2023 and 28 February 2022 based on a 99% confidence level was 2.40% and 3.18% respectively.

i) Market risk arising from foreign currency risk

Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund may invest in securities, which may be denominated in currencies other than its reporting currency.

The Fund may also invest in forward currency contracts and thus gain further exposure to foreign currency risk.

Management of foreign currency risk

Foreign currency exposures are managed within parameters utilising forward currency contracts. The details of the contracts in place at the year end are disclosed in the Portfolio Statement.

ii) Market risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Fund and market prices of its investments.

The Fund is exposed to other price risk arising from its investments. The exposure of the Fund to other price risk is the market value of the investments held as shown in the Portfolio Statement of the Fund.

Management of other price risk

The Investment Manager manages the Fund's other price risk on a daily basis in accordance with the Fund's investment objective.

By diversifying the portfolio, where this is appropriate and consistent with the Fund's objectives, the risk that a price change of a particular investment will have a material impact on the Net Asset Value (''NAV'') of the Fund is minimised. The investment concentrations within the portfolio are disclosed in the portfolio statement by investment type.

iii) Market risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund is exposed to interest rate risk on its cash and bank balances held at The Bank of New York Mellon (International) Limited and its cash equivalent holdings. Cash held on deposit at The Bank of New York Mellon (International) Limited receives/incurs interest at the prevailing daily rate which may be negative depending on the currency in which the cash is held.

Management of interest rate risk

Interest rate risk exposure is managed by constantly monitoring the position for deviations outside a pre-determined tolerance level and, when necessary, rebalancing back to the original desired parameters.

(b) Counterparty credit risk

Exposure to counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default.

Management of counterparty credit risk

Counterparty credit risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk Team. The team is headed by BlackRock's Chief Counterparty Credit Officer who reports directly to the Global Head of RQA. Credit authority resides with the Chief Counterparty Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Counterparty Credit Officer or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Counterparty Credit Officer as deemed appropriate.

BlackRock's RQA Counterparty & Concentration Risk Team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures.

The Manager maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's creditworthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

i) Over-the-Counter ("OTC") Financial Derivative Instruments ("FDIs")

The Fund's holdings in OTC FDIs expose the Fund to counterparty credit risk.

Counterparty credit risk arises from the failure of the counterparty to perform according to the terms of the contract. The Fund's exposure to counterparty credit risk is limited to the contracts in which it currently has a gain position reduced by the cash collateral received from the counterparty or to counterparties which have received collateral from the Fund.

All OTC FDIs are entered into by the Fund under an International Swaps and Derivatives Associations, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs OTC FDIs (including total return swaps) entered into by the parties. The parties' exposures under the ISDA Master Agreement are netted and collateralised together, therefore any collateral disclosures provided are in respect of all OTC FDIs entered into by the Fund under the ISDA Master Agreement, not just total return swaps. All collateral received/posted by the Fund under the ISDA Master Agreement is transferred bilaterally under a title transfer arrangement.

Cash held as security by the counterparty to derivative contracts is subject to the credit risk of the counterparty.

The carrying value of financial assets together with cash best represents the Fund's gross maximum exposure to counterparty credit risk at the reporting date, before including the effect of ISDA Master Agreements and close-out netting, which would reduce the overall counterparty credit risk exposure.

The Fund's maximum exposure to counterparty credit risk from holding forward currency contracts will be equal to the notional amount of the currency and any net unrealised gains or losses as disclosed in the portfolio statement.

Management of counterparty credit risk related to OTC FDIs

Forward currency contracts do not require variation margin and thus the counterparty credit risk is monitored through the BlackRock RQA Counterparty & Concentration Risk Team which monitors the creditworthiness of the counterparty. The counterparties for forward currency contracts are disclosed in the portfolio statement.

The lowest credit rating of any one counterparty as at 28 February 2023 was AA (28 February 2022: A) (Standard & Poor's rating).

The following tables detail the number of counterparties the Fund is exposed to by OTC FDIs type and the maximum exposure (which is calculated on a net basis) to any one counterparty.

28 February 2023

Counterparty	Forwards £000's	Total Exposure £000's
Bank of New York Mellon International	91	**91**

28 February 2022

Counterparty	Forwards £000's	Total Exposure £000's
Bank of New York Mellon International	(57)	**(57)**

ii) Trustee and Custodian

The Fund's Trustee and Custodian is The Bank of New York Mellon (International) Limited (the "Trustee" and "Custodian").

Substantially all of the investments other than FDIs of the Fund are held by the Custodian at year end. Investments are segregated from the assets of the Custodian, with ownership rights remaining with the Fund. Bankruptcy or insolvency of the Custodian may cause the Fund's rights with respect to its investments held by the Custodian to be delayed or limited. The maximum exposure to this risk is the total amount of equity and bond investments disclosed in the portfolio statement.

The Fund will be exposed to the credit risk of the Custodian, or any depositary used by the Trustee regarding cash balances held in accounts with same. In the event of insolvency or bankruptcy of the Custodian or any depositary used by the Trustee, the Fund will be treated as a general creditor of the Trustee.

Management of counterparty credit risk related to the Trustee and Custodian

To mitigate the Fund's credit risk with respect to the Trustee, the Investment Manager of the Fund employs specific procedures to ensure that the Trustee employed is a reputable institution and that the associated credit risk is acceptable to the Fund. The Fund only transacts with counterparties that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies.

The long term credit rating of the parent company of the Trustee and Custodian, The Bank of New York Mellon Corporation, as at 28 February 2023 was AA (28 February 2022: A) (Standard & Poor's rating).

iii) Counterparties

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Counterparty credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

Management of counterparty credit risk related to Counterparties

The Manager monitors the credit rating and financial position of the brokers used to further mitigate this risk.

iv) Securities lending

The Fund engages in security lending activities which expose the Fund to counterparty credit risk. The maximum exposure to the Fund is equal to the value of the securities loaned.

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 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 (individually identified in the Portfolio Statement) and associated collateral received, analysed by borrowing counterparty as at the Balance Sheet date.

Counterparty	Counterparty's country of establishment	28 February 2023 Securities on loan £000's	28 February 2023 Collateral received £000's	28 February 2022 Securities on loan £000's	28 February 2022 Collateral received £000's
Barclays Capital Securities Limited	UK	–	–	8,474	9,407
BNP Paribas Arbitrage SNC	France	803	885	–	–
Citigroup Global Markets Limited	UK	3,869	4,441	574	626
HSBC Bank Plc	UK	27,879	30,974	542	597
J.P. Morgan Securities Plc	UK	4,892	5,811	18,974	22,406
Merrill Lynch International	UK	25,469	27,696	–	–
Morgan Stanley & Co. International Plc	UK	15,572	16,547	–	–
Société Générale SA	France	284	321	6,840	7,583
UBS AG	Switzerland	6,994	7,726	3,250	3,721
Total		**85,762**	**94,401**	**38,654**	**44,340**

At 28 February 2023, collateral received from these borrowing counterparties comprised of 60.10% in debt securities and 39.90% in equity securities (28 February 2022: 16.45% in debt securities and 83.55% in equity securities).

Collateral accepted is non-cash in the form of sovereign debt rated AA or better from approved governments only, supranational debt obligations rated AAA or better and equity securities listed on a recognised exchange.

Management of counterparty credit risk related to securities lending

To mitigate this risk, the Fund receives either cash or securities as collateral equal to a certain percentage in excess of the fair value of the securities loaned. The Investment Manager monitors the fair value of the securities loaned and additional collateral is obtained, if necessary. As at 28 February 2023 and 28 February 2022, all non-cash collateral received consists of securities admitted to or dealt on a recognised exchange.

The Fund also benefits from a borrower default indemnity provided by BlackRock Inc. The indemnity allows for full replacement of securities lent. BlackRock Inc. bears the cost of indemnification against borrower default.

(c) Liquidity risk

Exposure to liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting its obligations associated with financial liabilities.

Liquidity risk to the Fund arises from the redemption requests of unitholders and the liquidity of the underlying investments the Fund is invested in. The Fund's unitholders may redeem their units on the close of any daily dealing deadline for cash equal to a proportionate share of the Fund's NAV. The Fund is therefore potentially exposed to the liquidity risk of meeting the unitholders' redemptions and may need to sell assets at prevailing market prices to meet liquidity demands.

The Fund invests primarily in companies based in the Europe which is typically considered to be a territory operating with high levels of liquidity. From time to time, however, market liquidity may be affected by economic events.

All non-derivative financial liabilities including distributions payable held by the Fund as at 28 February 2023 and 28 February 2022, based on contractual maturities, fall due within one to three months, with the exception of Italian tax provision which falls due within six months.

Management of liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands.

At times of excessive redemptions the Manager may decide to defer redemptions at any valuation point to the next valuation point where the requested aggregate redemptions exceed 10 per cent of the Fund's NAV. This will therefore allow the Manager to protect the interests of continuing unitholders by allowing the Manager to match the sale of scheme property to the level of redemptions. This should reduce the impact of dilution on the Fund. All unitholders who have sought to redeem units at any valuation point at which redemptions are deferred will be treated consistently and any redemption requests received in the meantime will not be processed until the redemption requests that have been deferred to the subsequent valuation points have been processed.

The Fund's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The portfolio managers review daily forward looking cash reports which project cash obligations. These reports allow them to manage the Fund's cash obligations.

(d) Valuation of financial instruments

The Fund classifies financial instruments measured at fair value using a fair value hierarchy. The fair value hierarchy has the following categories:

Level 1 − Unadjusted quoted prices for identical instruments in active markets

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Fund does not adjust the quoted price for these instruments.

Level 2 − Valuation techniques using observable inputs other than quoted prices in level 1

This category includes instruments valued using quoted prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Valuation techniques used for non-standardised financial instruments such as OTC derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity determined inputs.

Level 3 − Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation techniques used include inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager. The Investment Manager considers observable inputs to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below is an analysis of the Fund's investment assets and investment liabilities measured at fair value at the Balance Sheet date.

	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
28 February 2023				
Investment assets	1,573,955	8,201	–	1,582,156
Investment liabilities	–	(30)	–	(30)
28 February 2022				
Investment assets	1,518,846	2,670	–	1,521,516
Investment liabilities	–	(98)	–	(98)

(e) Global exposure

The Manager is required by the COLL Sourcebook to employ a risk management process in respect of the Fund which enables it to accurately monitor and manage the global exposure from Financial Derivative Instruments ("FDIs").

The Manager uses a methodology known as the Commitment Approach in order to measure the global exposure of the Fund. The Commitment Approach is a methodology that aggregates the underlying market or notional values of FDIs to determine the degree of global exposure of the Fund to FDIs. In accordance with the COLL Sourcebook, global exposure for a fund utilising the Commitment Approach must not exceed 100% of the Fund's NAV. The calculation of global exposure represents only one element of the Fund's risk management process and in that respect the Manager will continue to report VaR as a market risk measure to the Board of Directors.

The exposures to FDIs at year end are marked on the Portfolio Statement.

3. Net Capital Gains

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
The net capital gains comprise:		
Gains on non-derivative securities	133,959	54,424
(Losses)/gains on derivative securities	(251)	1,195
Currency losses	(1,113)	(378)
Custodian transaction costs	15	(22)
Net capital gains	**132,610**	**55,219**

4. Revenue

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Interest from UK bank deposits	38	1
Overseas dividends	59,262	59,144
Overseas REIT dividends	–	8
Revenue from short-term money market funds	473	11
Securities lending revenue	141	113
UK dividends	982	–
Total revenue	**60,896**	**59,277**

5. Expenses

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Payable to the Manager or associates of the Manager:		
– Annual Management charge	11,363	13,073
– Annual service charge	2,052	2,379
	13,415	15,452
Other expenses:		
– Audit fee	7	8
– Legal and other professional fees	26	34
– Safe custody fees	105	119
– Trustee's fees	157	189
	295	350
Total expenses	**13,710**	**15,802**

6. Interest Payable and Similar Charges

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Interest on bank overdrafts	13	19
Total interest payable and similar charges	**13**	**19**

7. Taxation

(a) Analysis of tax charge

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Overseas tax	4,786	6,264
Total tax charge [see note 7(b)]	**4,786**	**6,264**

(b) Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Net revenue before taxation	47,173	43,456
Corporation tax at 20% (28 February 2022: 20%)	9,435	8,691
Effects of:		
Movement in unrecognised excess management expenses	2,142	2,674
Overseas tax	4,786	6,264
Relief on overseas tax expensed	(84)	(82)
Revenue not subject to tax	(11,493)	(11,283)
Total tax charge [see note 7(a)]	**4,786**	**6,264**

At 28 February 2023, the Fund had surplus management expenses of £119,200,000 (28 February 2022: £108,490,000.) It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, a deferred tax asset of £23,840,000 (28 February 2022: £21,698,000) has not been recognised.

8. Distributions

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
First distribution	44,080	32,853
Second distribution	3,579	9,866
Third distribution	4,762	6,813
Final distribution	3,257	3,283
	55,678	52,815
Add: Amounts deducted on cancellation of units	2,133	1,553
Less: Amounts received on issue of units	(1,717)	(1,376)
Distributions	**56,094**	**52,992**
The distributable amount has been calculated as follows:		
Net revenue after taxation	42,387	37,192
Add: Tax on capitalised Manager's charge rebates	(3)	(1)
Add: Management expenses reimbursed by capital	11,363	13,073
Add: Other expenses reimbursed by capital	2,347	2,728
Distributions	**56,094**	**52,992**

Details of the interim and final distributions per unit are set out in the tables on page 17.

9. Debtors

	28.2.2023 £000's	28.2.2022 £000's
Accrued revenue	54	7
Amounts receivable for issue of units	5,400	2,953
Overseas tax recoverable	9,229	4,921
Sales awaiting settlement	–	8,827
Total debtors	**14,683**	**16,708**

10. Other Creditors

	28.2.2023 £000's	28.2.2022 £000's
Accrued Annual Management charge	4,678	5,288
Accrued Annual service charge	665	367
Accrued Audit fee	7	7
Accrued Safe custody fees	27	21
Accrued Trustee's fee	79	87
Amounts payable for cancellation of units	4,414	2,802
Currency purchases awaiting settlement	106	66
Custodian transaction costs	6	4
Total other creditors	**9,982**	**8,642**

11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (28 February 2022: £Nil).

12. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Funds. The portion of the USD 475 million credit facility will be allocated to the Funds based on the credit facility agreement dated 22 April 2022. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

13. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following entities were related parties of the Fund during the year ended 28 February 2023:

Manager/Registrar:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock Lending Agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Registrar, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8.

13. Related Parties continued

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2023 and 28 February 2022, none of the unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

14. Portfolio Transaction Costs

For the year ended 28 February 2023

		Direct Transaction Costs			
Purchases (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	1,015,667	279	0.03	1,048	0.10
Total purchases	**1,015,667**	**279**		**1,048**	
Total purchases including transaction costs	**1,016,994**				

		Direct Transaction Costs			
Sales (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	1,087,845	326	0.03	–	–
Total sales	**1,087,845**	**326**		**–**	
Total sales net of transaction costs	**1,087,519**				
Total transaction costs		**605**		**1,048**	
Total transaction costs as a % of average net assets		**0.04%**		**0.07%**	

14. Portfolio Transaction Costs continued

For the year ended 28 February 2022

		Direct Transaction Costs			
Purchases (excluding derivatives)	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
Equity instruments	962,766	291	0.03	1,035	0.11
Total purchases	**962,766**	**291**		**1,035**	
Total purchases including transaction costs	**964,092**				

		Direct Transaction Costs			
Sales (excluding derivatives)	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
Equity instruments	1,132,229	309	0.03	–	–
Total sales	**1,132,229**	**309**		**–**	
Total sales net of transaction costs	**1,131,920**				
Total transaction costs		**600**		**1,035**	
Total transaction costs as a % of average net assets		**0.03%**		**0.07%**	

The above analysis covers direct transaction costs incurred by the Fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

Separately identifiable direct transaction costs (such as commissions and taxes) are attributable to the Fund's purchase and sale of equity instruments. Additionally, for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be incurred on purchase and sale transactions.

At the Balance Sheet Date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.06% (28 February 2022: 0.07%).

15. Units in Issue

The movement in units in issue for the year ended 28 February 2023 is as follows:

	A Income Units	A Accumulation Units	X Income Units	X Accumulation Units
Balance at the beginning of the year	26,903,406	9,537,959	21,286,881	1,106,464
Issued during the year	3,797,242	1,326,811	5,578,035	280,625
Cancelled during the year	(21,354,766)	(3,650,647)	(3,637,478)	(515,712)
Converted during the year	–	–	–	–
Balance at the end of the year	**9,345,882**	**7,214,123**	**23,227,438**	**871,377**

	D Income Units	D Accumulation Units	A Income Hedged Units	A Accumulation Hedged Units
Balance at the beginning of the year	652,027,740	114,080,262	606,766	1,000
Issued during the year	120,003,074	68,647,757	–	–
Cancelled during the year	(164,845,097)	(57,463,251)	(236,623)	–
Converted during the year	64,295	(40,675)	–	–
Balance at the end of the year	**607,250,012**	**125,224,093**	**370,143**	**1,000**

	D Income Hedged Units	D Accumulation Hedged Units
Balance at the beginning of the year	11,500,696	6,166,910
Issued during the year	4,964,849	607,996
Cancelled during the year	(4,358,026)	(1,396,038)
Balance at the end of the year	**12,107,519**	**5,378,868**

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

16. Post Balance Sheet Events

K Henry was appointed as a director effective 3 March 2023. S Corrigall resigned as a director effective 2 May 2023.

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2023.

Statement of Manager’s Responsibilities

The Manager is required by the rules of the COLL Sourcebook to prepare the financial statements for each financial year. These financial statements must be prepared in accordance with generally accepted accounting standards in the United Kingdom to give a true and fair view of the state of affairs of the Fund at the year end and of the net revenue and net capital gains for the year. In preparing these financial statements the Manager is required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The financial statements should comply with the disclosure requirements of the Statement of Recommended Practice (the “SORP”) for Authorised Funds issued by the Investment Management Association (subsequently The Investment Association) and must comply with any relevant provisions of the Trust Deed.

The Manager is responsible for keeping such accounting records as are necessary to enable it to ensure that the financial statements comply with the COLL Sourcebook, the SORP and the Trust Deed.

Statement of the Trustee's Responsibilities in Respect of the Fund and Report of the Trustee to the Unitholders of the Fund for the Year Ended 28 February 2023

The Depositary in its capacity as Trustee of the Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Trustee is responsible for the safekeeping of all the custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Fund, acting through the AFM:

(a) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents of the Fund; and

(b) has observed the investment and borrowing powers and restrictions applicable to the Fund in accordance with the Regulations and the Scheme documents of the Fund.

The Bank of New York Mellon
(International) Limited

London
31 May 2023

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Independent Auditor's Report to the Unitholders of BlackRock Continental European Income Fund

Opinion

We have audited the financial statements of BlackRock Continental European Income Fund ("the Fund") for the year ended 28 February 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables and the Financial Instruments and Risks and the accounting policies of the Fund, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 28 February 2023 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period assessed which is one year from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the ″FCA″)

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Trust Deed; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 45, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrators and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of material special dividends as either a capital or revenue return and incorporated unpredictability into the nature, timing and extent of our testing.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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Use of our report

This report is made solely to the Fund's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP	Edinburgh
Statutory Auditor	31 May 2023

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 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

The total value of securities on loan as a proportion of the Fund's NAV and total lendable assets, as at the Balance Sheet date, is 5.41% and 5.81% respectively. 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 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. Income earned during the year by the Fund from securities lending transactions is disclosed in the notes to the financial statements.

The value of securities on loan and associated collateral analysed by counterparty, as at 28 February 2023, is disclosed in the notes to the financial statements.

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

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, as at 28 February 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				
CAD	–	–	5,137	–
CHF	–	–	906	–
CNY	–	–	4,033	–
DKK	–	–	1,131	–
EUR	–	–	30,640	–
GBP	–	–	9,291	–
HKD	–	–	1,865	–
JPY	–	–	1,739	–
SEK	–	–	5	–
SGD	–	–	467	–
USD	–	–	39,187	–
Total	**–**	**–**	**94,401**	**–**

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions 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, as at 28 February 2023.

Collateral type and quality	1 - 7 days £000's	8 - 30 days £000's	31 - 90 days £000's	91 - 365 days £000's	More than 365 days £000's	Open transactions £000's	Total £000's
	Maturity Tenor						
Collateral received - securities lending							
Fixed income							
Investment grade	3	2,994	163	11,269	42,307	–	**56,736**
Equities							
Recognised equity index	–	–	–	–	–	37,585	**37,585**
ETFs							
Non-UCITS	–	–	–	–	–	80	**80**
Total	**3**	**2,994**	**163**	**11,269**	**42,307**	**37,665**	**94,401**

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.

As at 28 February 2023, all non-cash collateral received by the Fund in respect of securities lending transactions 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 as at 28 February 2023.

Issuer	Value £000's	% of the Fund's NAV
HSBC Bank Plc	30,974	1.95
Merrill Lynch International	27,696	1.75
Morgan Stanley & Co. International Plc	16,547	1.04
UBS AG	7,726	0.49
J.P.Morgan Securities Plc	5,811	0.37
Citigroup Global Markets Limited	4,441	0.28
BNP Paribas Arbitrage	885	0.05
Société Générale SA	321	0.02
Total	**94,401**	**5.95**

Supplementary Information continued

No securities collateral received from a single issuer, in relation to efficient portfolio management and OTC FDIs, has exceeded 20% of the Fund's NAV at the year end date.

About us

BlackRock is a premier provider of asset management, risk management, and advisory services to institutional, intermediary, and individual clients worldwide. As of 31 March 2023, the firm manages £7.35 trillion across asset classes in separate accounts, mutual funds, other pooled investment vehicles, and the industry-leading iShares® exchange-traded funds.

Through BlackRock Solutions®, the firm offers risk management and advisory services that combine capital markets expertise with proprietarily-developed analytics, systems, and technology.

BlackRock serves clients in North and South America, Europe, Asia, Australia, Africa, and the Middle East. Headquartered in New York, the firm maintains offices in over 35 countries around the world.

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