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# **Annual report and audited financial statements**

BlackRock Dynamic Diversified  
Growth Fund

For the financial year ended 28 February 2023

NM0623U-2932209-1/77

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# General Information

## Manager & Registrar

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

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

## Directors of the Manager

G D Bamping\*  
S Corrigan (Resigned 2 May 2023)  
W I Cullen\*  
D Edgar  
B Harrison (Resigned 19 August 2022)  
K Henry (Appointed 3 March 2023)  
A M Lawrence  
H N Mephum  
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  
Telephone: 020 7743 3000  
Dealing and Investor Services: 0800 44 55 22  
blackrock.co.uk

**For your protection, telephone calls are usually recorded.**

\* Non-executive Director.

## About the Fund

BlackRock Dynamic Diversified Growth Fund (the “Fund”) is a UCITS scheme under the COLL Sourcebook. The Fund was established on 30 June 2006. The Fund was previously known as Merrill Lynch Target Return Fund. The Fund changed its name to BlackRock Target Return Fund on 28 April 2008, to BlackRock Cautious Portfolio Fund on 1 May 2009 and adopted its present name with effect from 21 February 2014. The Fund’s FCA product reference number is 452384.

### 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 Manager

As at 28 February 2023, the Fund Manager of the Fund is Adam Ryan.

## 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.

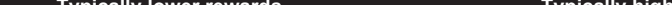
## Subsequent Events

### Changes in the Directors of the Manager

K Henry was appointed as a director effective 3 March 2023. S Corrigan 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.

## Risk and Reward Profile

	Lower risk Typically lower rewards				Higher risk Typically higher rewards		
Unit Class							
A Income	1	2	3	4	5	6	7
A Accumulation	1	2	3	4	5	6	7
X Accumulation	1	2	3	4	5	6	7
D Income	1	2	3	4	5	6	7
D Accumulation	1	2	3	4	5	6	7

- The risk indicator was calculated incorporating historical or simulated historical data and may not be a reliable indication of the future risk profile of 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](http://www.blackrock.com).

# Investment Manager’s Report

for the year ended 28 February 2023

## Investment Objective

The aim of the Fund is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets), which exceeds the Bank of England's Base Interest Rate by 3.5% per annum (gross of fees) over the medium to long term (three to five consecutive years).

Target benchmark	Investment management approach
Bank of England's Base Interest Rate (plus 3.5% per annum (gross of fees))	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	(3.06)	5.50

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.

# Investment Manager's Report continued

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.

# Investment Manager’s Report continued

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 return was (3.06%), very regrettably underperforming its target benchmark, which returned 5.50%.

The Fund is managed on an absolute return basis and not relative to any benchmark. The return of the target benchmark is given for reference purposes only.

The period has been extremely challenging from an investment perspective, with global equities and global bond markets delivering sharply negative returns as high inflation, driven by higher energy and food prices, led to central banks raising rates further and faster than expected. Against this backdrop, the Fund's developed market equity and non-government bond exposures were the key detractors from return over the period. Exposure to emerging market equities, commodities, and government bonds also detracted, albeit to a lesser extent. The allocation to alternatives and volatility strategies contributed positively, as did cash & FX as sterling weakened over the period versus the US dollar.

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

Largest Contributors		Largest Detractors	
Strategy	Effect on Fund return	Strategy	Effect on Fund return
S&P 500 Futures	0.68%	BlackRock Global Corporate Bond Portfolio	(2.11%)
Foresight Solar Fund	0.62%	Global Equities (Scottish Mortgage Investment Trust)	(0.74%)
Low Carbon Transition Energy Basket	0.53%	FTSE 100 Futures	(0.68%)
BlackRock Segregated UK Equity Portfolio	0.50%	Euro Stoxx 50 Futures	(0.51%)
Blackstone Loan Financing	0.37%	The Schiehallion Fund	(0.44%)

The sharp rise in bond yields and widening credit spreads, as a result of central bank tightening and its implications for global growth, led to the BlackRock Global Corporate Bond Portfolio being the key detractor over the period. Interest rate sensitive areas of the market, most notably high-growth equities, also underperformed impacting the performance of Global Equities (Scottish Mortgage Investment Trust) and The Schiehallion Fund Ltd. Hedging positions on UK and European equities detracted as both equity markets rallied towards the end of the period. The underperformance of US and emerging markets meant that hedging positions on these markets contributed positively to Fund performance. Exposure to energy through the Low Carbon Transition Energy Basket and Foresight Solar Fund Ltd were a positive contributor as they benefitted from higher energy prices.



# Investment Manager's Report continued

The following table details the significant portfolio weightings at 28 February 2023 and 28 February 2022:

28 February 2023		28 February 2022	
Sector	Gross Exposure	Sector	Gross Exposure
Non-Government Bonds	30.00%	Non-Government Bonds	27.70%
Cash, FX & Derivatives Cover	28.40%	Developed Market Equities	26.20%
Developed Market Equities	21.10%	Cash, FX & Derivatives Cover	24.70%
Emerging Market Equities	5.60%	Alternatives	6.40%
Alternatives	5.60%	Emerging Market Equities	6.00%

We reduced the exposure to developed market equities over the period, instead increasing exposure to cash given the uncertain macro backdrop. We also added to commodities, in particular gold, to hedge against unexpected increases in inflation.

The trade-off faced by central banks of taming inflation by hiking interest rates or preserving growth is likely to be a principal focus for markets. The Manager has seen sentiment shift from expectations for an earlier move to lower rates to a realisation that higher rates are likely in the short term and acceptance that a more benign path for rates is some way away. There have been short, rapid rebounds in markets, followed by a subsequent decline in the first two months of the year and the Manager anticipates this volatility will prevail in the near term. It underpins the need to adopt a truly dynamic and diversified approach to managing portfolios. Striking a balance between providing protection in periods of drawdown and capturing upside as opportunities to generate returns arise remains key.

# 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
<b>Change in net assets per unit</b>						
Opening net asset value per unit	133.3	135.4	122.4	153.9	155.1	139.7
Return before operating charges	(1.92)	0.90	15.40	(2.52)	0.90	17.33
Operating charges	(1.71)	(1.83)	(1.73)	(1.97)	(2.10)	(1.98)
Return after operating charges	(3.63)	(0.93)	13.67	(4.49)	(1.20)	15.35
Distributions	(2.62)	(1.21)	(0.67)	(2.69)	(1.33)	(0.67)
Retained distributions on accumulation units	N/A	N/A	N/A	2.69	1.33	0.67
<b>Closing net asset value per unit</b>						
After direct transaction costs of	(0.04)	(0.06)	(0.06)	(0.04)	(0.07)	(0.07)
<b>Performance</b>						
Return after charges <sup>1</sup>	(2.72)%	(0.69)%	11.17%	(2.92)%	(0.77)%	10.99%
<b>Other information</b>						
Closing net asset value (£000's)	33	69	69	589,877	745,418	1,191,678
Closing number of units	25,930	51,969	50,668	394,801,315	484,351,115	768,569,214
Operating charges <sup>2</sup>	1.33%	1.32%	1.35%	1.33%	1.32%	1.35%
Direct transaction costs <sup>3</sup>	0.03%	0.04%	0.05%	0.03%	0.04%	0.05%
<b>Prices</b>						
Highest offer unit price	139.7	147.7	144.0	161.3	169.1	164.0
Lowest bid unit price	122.2	133.2	109.9	141.0	152.4	125.4

<sup>1</sup> 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.

<sup>2</sup> 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).

<sup>3</sup> Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments, debt instruments and collective investment schemes.

See note 15 for further details.

# Performance Record continued

## Comparative Table continued

	X Accumulation Units			D Income 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
<b>Change in net assets per unit</b>						
Opening net asset value per unit	168.5	168.1	149.9	132.8	135.0	122.1
Return before operating charges	(3.68)	0.46	18.30	(2.75)	0.54	15.01
Operating charges	(0.07)	(0.05)	(0.08)	(0.81)	(0.86)	(0.82)
Return after operating charges	(3.75)	0.41	18.22	(3.56)	(0.32)	14.19
Distributions	(4.11)	(3.14)	(2.33)	(2.62)	(1.86)	(1.28)
Retained distributions on accumulation units	4.11	3.14	2.33	N/A	N/A	N/A
<b>Closing net asset value per unit</b>						
After direct transaction costs of	(0.05)	(0.07)	(0.08)	(0.04)	(0.06)	(0.06)
<b>Performance</b>						
Return after charges <sup>1</sup>	(2.23)%	0.24%	12.15%	(2.68)%	(0.24)%	11.62%
<b>Other information</b>						
Closing net asset value (£000's)	637,882	738,070	887,958	9,704	10,036	10,002
Closing number of units	387,177,038	437,989,933	528,153,969	7,663,787	7,555,974	7,408,721
Operating charges <sup>2</sup>	0.04%	0.03%	0.05%	0.63%	0.62%	0.64%
Direct transaction costs <sup>3</sup>	0.03%	0.04%	0.05%	0.03%	0.04%	0.05%
<b>Prices</b>						
Highest offer unit price	171.2	178.8	172.2	135.1	143.1	139.6
Lowest bid unit price	155.2	166.9	134.6	121.9	133.4	109.7

<sup>1</sup> 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.

<sup>2</sup> 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).

<sup>3</sup> Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments, debt instruments and collective investment schemes.

See note 15 for further details.

# Performance Record continued

## Comparative Table continued

	D Accumulation Units		
	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
<b>Change in net assets per unit</b>			
Opening net asset value per unit	160.6	161.0	144.2
Return before operating charges	(3.35)	0.63	17.79
Operating charges	(0.98)	(1.03)	(0.99)
Return after operating charges	(4.33)	(0.40)	16.80
Distributions	(3.17)	(2.21)	(1.51)
Retained distributions on accumulation units	3.17	2.21	1.51
<b>Closing net asset value per unit</b>			
After direct transaction costs of	(0.05)	(0.07)	(0.07)
<b>Performance</b>			
Return after charges <sup>1</sup>	(2.70)%	(0.25)%	11.65%
<b>Other information</b>			
Closing net asset value (£000's)	16,825	19,131	27,260
Closing number of units	10,766,409	11,912,095	16,932,324
Operating charges <sup>2</sup>	0.63%	0.62%	0.65%
Direct transaction costs <sup>3</sup>	0.03%	0.04%	0.05%
<b>Prices</b>			
Highest offer unit price	163.1	170.6	164.9
Lowest bid unit price	147.4	159.0	129.5

<sup>1</sup> 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.

<sup>2</sup> 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).

<sup>3</sup> Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments, debt instruments and collective investment schemes.  
See note 15 for further details.

# Distribution Table

for the year ended 28 February 2023

## Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2022

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

	A Income Units		A Accumulation Units		X Accumulation Units		D Income Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	2.6178	1.6363	2.6871	1.4051	4.1081	2.5000	2.6233	1.6593
Equalisation <sup>†</sup>	–	0.9815	–	1.2820	–	1.6081	–	0.9640
<b>Distribution paid 30.4.2023</b>	<b>2.6178</b>	<b>2.6178</b>	<b>2.6871</b>	<b>2.6871</b>	<b>4.1081</b>	<b>4.1081</b>	<b>2.6233</b>	<b>2.6233</b>
<b>Distribution paid 30.4.2022</b>	<b>1.2147</b>	<b>1.2147</b>	<b>1.3266</b>	<b>1.3266</b>	<b>3.1441</b>	<b>3.1441</b>	<b>1.8585</b>	<b>1.8585</b>

	D Accumulation Units	
	Group 1	Group 2
Net revenue (dividend)	3.1705	2.0087
Equalisation <sup>†</sup>	–	1.1618
<b>Distribution paid 30.4.2023</b>	<b>3.1705</b>	<b>3.1705</b>
<b>Distribution paid 30.4.2022</b>	<b>2.2139</b>	<b>2.2139</b>

<sup>†</sup> 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

# Report on Remuneration continued

- 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](http://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.

# Report on Remuneration continued

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.



# Report on Remuneration continued

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.

# Report on Remuneration continued

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<sup>1</sup> and Organic Revenue Growth<sup>2</sup>. 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.

<sup>1</sup> 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.

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

## Report on Remuneration continued

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
<b>EQUITIES – 24.61%; 28.2.2022 25.78%</b>			
<b>Australia – 0.10%; 28.2.2022 0.22%</b>			
135,017	Costa	195	0.02
188,282	Santos	732	0.06
10,858	Woodside Energy <sup>o</sup>	217	0.02
		<b>1,144</b>	<b>0.10</b>
<b>Austria – 0.14%; 28.2.2022 0.10%</b>			
30,685	ams-OSRAM <sup>o</sup>	200	0.02
8,173	Andritz	418	0.03
8,821	Kontron	146	0.01
13,803	Verbund	963	0.08
		<b>1,727</b>	<b>0.14</b>
<b>Belgium – 0.11%; 28.2.2022 0.03%</b>			
51,249	Umicore	<b>1,416</b>	<b>0.11</b>
<b>Brazil – 0.10%; 28.2.2022 0.02%</b>			
57,446	Klabin	174	0.01
55,890	SLC Agricola	437	0.03
100,638	Suzano	742	0.06
		<b>1,353</b>	<b>0.10</b>
<b>Canada – 0.25%; 28.2.2022 0.45%</b>			
8,497	Cameco	195	0.02
9,218	Canadian Solar	299	0.02
12,141	Canfor	167	0.01
24,429	Nutrien	1,570	0.13
29,295	Pembina Pipeline	810	0.06
164,690	Western Forest Products	121	0.01
		<b>3,162</b>	<b>0.25</b>
<b>Chile – 0.00%; 28.2.2022 0.00%</b>			
<b>Denmark – 0.67%; 28.2.2022 0.58%</b>			
50,106	Novo Nordisk	5,906	0.47
4,870	Novozymes	195	0.02
11,754	Orsted	856	0.07
1,539	Rockwool	297	0.02
45,153	Vestas Wind Systems	1,068	0.09
		<b>8,322</b>	<b>0.67</b>
<b>Finland – 0.26%; 28.2.2022 0.38%</b>			
29,248	Neste	1,153	0.09
72,005	Stora Enso	829	0.07
40,101	UPM-Kymmene	1,196	0.10
		<b>3,178</b>	<b>0.26</b>
<b>France – 1.23%; 28.2.2022 1.06%</b>			
2,100	Air Liquide <sup>o</sup>	277	0.02
16,473	Fermentalg Rights 31/12/2049 <sup>1</sup>	–	0.00

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
2,307	Hermes International	3,493	0.28
7,467	L'Oréal <sup>o</sup>	2,473	0.20
7,089	LVMH Moët Hennessy Louis Vuitton	4,935	0.39
5,646	Sartorius Stedim Biotech	1,565	0.12
16,110	Schneider Electric	2,152	0.17
19,172	Worldline	670	0.05
		<b>15,565</b>	<b>1.23</b>
<b>Germany – 0.42%; 28.2.2022 0.57%</b>			
13,156	Infineon Technologies	388	0.03
2,113	Rational	1,152	0.09
3,532	Siemens	448	0.04
70,228	Siemens Energy <sup>o</sup>	1,165	0.09
4,278	SMA Solar Technology	273	0.02
4,782	Software	79	0.01
21,322	Symrise <sup>o</sup>	1,810	0.14
		<b>5,315</b>	<b>0.42</b>
<b>Hong Kong – 0.00%; 28.2.2022 0.05%</b>			
42,000	Digital China	<b>16</b>	<b>0.00</b>
<b>Ireland – 0.25%; 28.2.2022 0.30%</b>			
6,261	Kingspan	339	0.03
30,057	Kingspan	1,631	0.13
72,964	Origin Enterprises	274	0.02
28,849	Smurfit Kappa	891	0.07
		<b>3,135</b>	<b>0.25</b>
<b>Israel – 0.05%; 28.2.2022 0.05%</b>			
107,241	ICL	<b>626</b>	<b>0.05</b>
<b>Italy – 0.34%; 28.2.2022 0.23%</b>			
15,539	Ferrari	3,338	0.27
211,096	Snam	871	0.07
		<b>4,209</b>	<b>0.34</b>
<b>Japan – 0.22%; 28.2.2022 0.66%</b>			
184,900	ENEOS	525	0.04
600	Fujitsu	63	0.01
14,300	Idemitsu Kosan <sup>o</sup>	262	0.02
15,800	Kubota	196	0.02
7,200	Kurita Water Industries	267	0.02
64,600	Oji <sup>o</sup>	216	0.02
6,100	Omron	269	0.02
48,900	Renesas Electronics	520	0.04
16,900	Sumitomo Forestry	266	0.02
5,200	Yaskawa Electric <sup>o</sup>	168	0.01
		<b>2,752</b>	<b>0.22</b>
<b>Netherlands – 0.76%; 28.2.2022 0.79%</b>			
256	Adyen	302	0.02

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
14,357	ASML <sup>Ø</sup>	7,483	0.60
8,268	Corbion	256	0.02
3,397	Koninklijke DSM	351	0.03
5,305	Koninklijke Philips <sup>Ø</sup>	73	0.01
24,572	Koninklijke Vopak <sup>Ø</sup>	649	0.05
2,981	NXP Semiconductors	438	0.03
		<b>9,552</b>	<b>0.76</b>

## New Zealand – 0.00%; 28.2.2022 0.01%

## Norway – 0.30%; 28.2.2022 0.30%

12,750	Aker BP	287	0.02
500,064	Aker Carbon Capture	616	0.05
21,436	Equinor	550	0.04
68,541	Leroy Seafood	279	0.02
62,766	Mowi	890	0.07
205,340	NEL <sup>Ø</sup>	262	0.02
17,577	Nordic Semiconductor	210	0.02
15,427	Salmar <sup>Ø</sup>	526	0.04
18,434	TOMRA Systems <sup>Ø</sup>	248	0.02
		<b>3,868</b>	<b>0.30</b>

## Portugal – 0.03%; 28.2.2022 0.06%

35,097	Galp Energia SGPS	<b>356</b>	<b>0.03</b>
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## Singapore – 0.00%; 28.2.2022 0.01%

## South Korea – 0.08%; 28.2.2022 0.02%

1,035	Samsung Electronics	<b>984</b>	<b>0.08</b>
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## Spain – 0.19%; 28.2.2022 0.14%

6,577	Acciona	1,036	0.08
79,053	EDP Renovaveis <sup>Ø</sup>	1,369	0.11
		<b>2,405</b>	<b>0.19</b>

## Sweden – 0.55%; 28.2.2022 0.57%

103,535	Assa Abloy	2,088	0.17
240,207	Hexagon	2,209	0.18
25,337	Holmen	837	0.07
30,311	Nibe Industrier	266	0.02
5,096	Orron Energy	6	0.00
109,732	Svenska Cellulosa	1,260	0.10
28,034	Telefonaktiebolaget LM Ericsson <sup>Ø</sup>	128	0.01
		<b>6,794</b>	<b>0.55</b>

## Switzerland – 0.73%; 28.2.2022 0.62%

16,779	ABB <sup>Ø</sup>	463	0.04
3,661	Belimo	1,571	0.13
4,900	Lonza	2,456	0.20
29,855	Nestle	2,836	0.23
52,628	SIG <sup>Ø</sup>	1,024	0.08
13,454	STMicroelectronics <sup>Ø</sup>	538	0.04

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
522	VAT <sup>Ø</sup>	130	0.01
		<b>9,018</b>	<b>0.73</b>

## Taiwan – 0.02%; 28.2.2022 0.05%

4,320	Taiwan Semiconductor Manufacturing	<b>312</b>	<b>0.02</b>
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## United Kingdom – 8.27%; 28.2.2022 7.39%

285,878	3i	4,690	0.37
68,826	AstraZeneca	7,524	0.60
652,940	Auto Trader <sup>Ø</sup>	3,877	0.31
654,447	BP	3,637	0.29
52,701	British American Tobacco	1,672	0.13
20,013	CNH Industrial	271	0.02
164,296	CNH Industrial	2,236	0.18
382,573	Compass	7,391	0.59
44,849	Ferguson <sup>Ø</sup>	5,335	0.43
12,088	Halma	262	0.02
93,415	Hargreaves Lansdown	781	0.06
276,011	ITM Power	266	0.02
129,930	Johnson Matthey <sup>Ø</sup>	2,799	0.22
3,669	Linde	1,042	0.08
99,646	London Stock Exchange <sup>Ø</sup>	7,418	0.59
572,000	Melrose Industries	871	0.07
99,488	Next	6,847	0.55
172,965	Patisserie <sup>2</sup>	–	0.00
247,000	Pearson	2,270	0.18
146,380	Pennon	1,219	0.10
40,839	Pentair	1,876	0.15
81,100	Reckitt Benckiser	4,678	0.37
361,242	RELX	9,056	0.72
399,000	Rentokil Initial	2,059	0.16
524,000	Rightmove <sup>Ø</sup>	2,949	0.24
84,500	Rio Tinto	4,781	0.38
988,387	Serco	1,545	0.12
9,170	Severn Trent <sup>Ø</sup>	253	0.02
101,700	Shell	2,576	0.21
253,000	Smith & Nephew	2,975	0.24
27,234	Spirax-Sarco Engineering	3,175	0.25
57,881	Spirent Communications	123	0.01
61,171	SSE	1,077	0.09
751,000	Standard Chartered	5,978	0.48
25,112	United Utilities <sup>Ø</sup>	257	0.02
		<b>103,766</b>	<b>8.27</b>

## United States of America – 9.54%; 28.2.2022 11.12%

6,108	A O Smith	330	0.03
22,262	A10 Networks	275	0.02
49,269	AAR	2,239	0.18
2,447	Adobe	652	0.05
14,209	Advanced Micro Devices	925	0.07

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
23,623	AeroVironment <sup>o</sup>	1,672	0.13
18,843	AGCO	2,199	0.18
956	Air Products and Chemicals	226	0.02
18,560	Alphabet	1,379	0.11
17,689	Amazon.com	1,371	0.11
3,415	Ambarella	261	0.02
10,932	American Water Works	1,263	0.10
9,270	Analog Devices	1,404	0.11
3,096	Ansys	757	0.06
1	Apartment Income REIT	—	0.00
1	Apartment Investment and Management	—	0.00
19,358	Apple	2,367	0.19
25,820	Archer-Daniels-Midland	1,733	0.14
7,099	Arista Networks	810	0.06
1,995	Aspen Technology	355	0.03
2,675	Badger Meter <sup>o</sup>	263	0.02
3,065	Block	190	0.02
14,882	Bloom Energy	266	0.02
11,289	Booz Allen Hamilton	890	0.07
2,868	Broadcom	1,388	0.11
19,736	Bunge	1,587	0.13
15,363	Cadence Design Systems	2,454	0.20
17,840	California Water Service	857	0.07
26,841	CECO Environmental	326	0.03
5,412	CEVA	142	0.01
9,470	Cheniere Energy	1,242	0.10
28,854	Cisco Systems	1,163	0.09
90,163	CommScope	560	0.04
141,214	Conduent	469	0.04
14,834	Curtiss-Wright	2,167	0.17
3,627	Darling Ingredients	202	0.02
10,014	Deere	3,489	0.28
1,338	Dexcom	122	0.01
5,393	Digi International	147	0.01
30,970	Donaldson	1,616	0.13
10,015	Dover	1,242	0.10
11,737	Eaton	1,692	0.13
12,395	Ecolab	1,637	0.13
2,394	Emerson Electric	163	0.01
16,894	EnerSys	1,243	0.10
956	Enphase Energy	167	0.01
17,843	EOG Resources	1,693	0.14
34,960	Essential Utilities	1,254	0.10
7,084	Evoqua Water Technologies	284	0.02
4,910	F5	571	0.05
1,959	Fair Isaac	1,087	0.09
8,007	First Solar	1,100	0.09
19,979	Fluence Energy	316	0.03
15,640	Fortinet	770	0.06
3,297	Generac	326	0.03

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
75,261	Graphic Packaging	1,481	0.12
33,957	Hain Celestial	501	0.04
58,801	Halliburton	1,808	0.14
5,554	Hershey	1,099	0.09
38,951	Hexcel <sup>o</sup>	2,339	0.19
63,187	Howmet Aerospace	2,211	0.18
28,809	Intel	593	0.05
9,368	International Business Machines	1,011	0.08
2,214	Intuit	755	0.06
33,469	Juniper Networks	855	0.07
52,391	Kaman	1,097	0.09
99,609	Kinder Morgan	1,429	0.11
8,271	Lindsay	1,006	0.08
11,582	Marvell Technology	424	0.03
2,065	Masimo	289	0.02
4,178	MasTec	334	0.03
11,462	Mastercard	3,369	0.27
63,478	Maxar Technologies	2,703	0.22
7,070	Meta Platforms	991	0.08
7,764	Microchip Technology	517	0.04
8,521	Micron Technology	408	0.03
25,528	Microsoft	5,281	0.42
35,733	Mosaic	1,566	0.12
9,121	NetApp	488	0.04
5,730	NVIDIA	1,113	0.09
6,008	Occidental Petroleum	293	0.02
7,939	ON Semiconductor	510	0.04
14,763	Oracle	1,073	0.09
13,824	Ormat Technologies	964	0.08
30,672	Ouster	28	0.00
7,863	Packaging of America	889	0.07
5,712	Palo Alto Networks	890	0.07
5,357	Pioneer Natural Resources	895	0.07
7,998	PotlatchDeltic <sup>o</sup>	306	0.02
7,283	PTC	760	0.06
3,467	Qorvo	287	0.02
4,403	QUALCOMM	449	0.04
25,659	Rambus	933	0.07
29,150	Rayonier <sup>o</sup>	813	0.06
13,501	Republic Services	1,443	0.12
18,205	Resideo Technologies	276	0.02
728	Rockwell Automation <sup>o</sup>	177	0.01
7,520	S&P Global	2,124	0.17
56,176	Sabre	242	0.02
4,733	Salesforce	638	0.05
43,152	Schlumberger	1,940	0.15
8,959	Seagate Technology	476	0.04
3,866	Silicon Laboratories	562	0.04
3,554	Skyworks Solutions	327	0.03
2,704	Splunk	228	0.02

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
13,744	SunPower	169	0.01
10,526	Sunrun	203	0.02
1,557	TE Connectivity	164	0.01
1,762	Tesla	302	0.02
2,940	Texas Instruments	415	0.03
36,356	Trimble	1,553	0.12
89,565	Triumph	954	0.08
59,863	V2X	2,353	0.19
4,721	VeriSign	774	0.06
5,109	Visa	931	0.07
5,356	Vivint Smart Home	51	0.00
6,633	VMware	609	0.05
58,348	Vuzix	204	0.02
1,850	Waste Management	231	0.02
12,165	Watts Water Technologies	1,763	0.14
34,937	Westrock	914	0.07
38,857	Weyerhaeuser	993	0.08
28,357	Williams Cos	720	0.06
16,526	Xylem	1,401	0.11
1,937	Zebra Technologies	474	0.04
		<b>119,672</b>	<b>9.54</b>

## BONDS – 25.26%; 28.2.2022 23.39%

### Australian Dollar Denominated Corporate Bonds – 0.06%; 28.2.2022 0.00%

AU\$1,500,000	Origin Energy Finance 2.65% 11/11/2027	<b>731</b>	<b>0.06</b>
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### Canadian Dollar Denominated Corporate Bonds – 0.20%; 28.2.2022 0.23%

CA\$426,000	AT&T 2.85% 25/5/2024	252	0.02
CA\$550,000	Bell Telephone of Canada or Bell Canada 4.45% 27/2/2047	288	0.02
CA\$350,000	Bell Telephone of Canada or Bell Canada/The 4.35% 18/12/2045	181	0.01
CA\$470,000	Enbridge 3.2% 8/6/2027	266	0.02
CA\$660,000	Rogers Communications 3.25% 1/5/2029	360	0.03
CA\$540,000	Rogers Communications 4% 13/3/2024	325	0.03
CA\$460,000	Telus 4.4% 29/1/2046	236	0.02
CA\$260,000	Telus 4.4% 29/1/2046	133	0.01
CA\$40,000	Telus 4.7% 6/3/2048	21	0.00
CA\$660,000	TransCanada PipeLines 3.39% 15/3/2028	372	0.03
CA\$177,000	TransCanada PipeLines 4.35% 6/6/2046	87	0.01
		<b>2,521</b>	<b>0.20</b>

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Euro Denominated Bonds – 0.39%; 28.2.2022 0.44%</b>			
€795,918	Aernnova Aerospace 3% 20/02/2027 5.436% 20/2/2027	649	0.05
€204,082	Aernnova Aerospace 3% 20/02/2027 5.625% 20/2/2027	167	0.01
€1,000,000	Indy 06/03/2028 0% 6/3/2028	810	0.06
€2,000,000	Median 07/10/2027 7.752% 7/10/2027	1,455	0.12
€1,000,000	Oberthur Technologies 0% 09/01/2026 6.452% 9/1/2026	861	0.07
€1,200,000	Wella Rainbow 3.75% 28/01/2029 6.697% 28/1/2029	1,010	0.08
		<b>4,952</b>	<b>0.39</b>

### Euro Denominated Corporate Bonds – 7.99%; 28.2.2022 8.92%

€360,000	A2A 4.375% 3/2/2034	311	0.02
€801,000	A2A 4.5% 19/9/2030	705	0.06
€200,000	Abertis Infraestructuras Finance 3.248% Perpetual 24/2/2172	157	0.01
€200,000	ABN AMRO Bank 4.375% Perpetual 22/9/2171	161	0.01
€200,000	Adient Global 3.5% 15/8/2024	172	0.01
€271,000	AIB 5.25% Perpetual 9/4/2171 <sup>0</sup>	221	0.02
€200,000	Air France-KLM 8.125% 31/5/2028	177	0.01
€1,020,000	Aker BP 1.125% 12/5/2029	730	0.06
€300,000	Allianz 2.121% 8/7/2050	215	0.02
€100,000	Allianz 2.241% 7/7/2045	82	0.01
€107,000	Allied Universal Holdco LLC/Allied Universal Finance Corp/Atlas Luxco 4 Sarl 3.625% 1/6/2028	76	0.01
€600,000	Altice Financing 2.25% 15/1/2025	489	0.04
€202,000	Altice Financing 4.25% 15/8/2029	142	0.01
€600,000	Altice France SA/France 5.875% 1/2/2027	466	0.04
€960,000	American Tower 0.5% 15/1/2028	696	0.05
€520,000	American Tower 0.5% 15/1/2028	377	0.03
€100,000	American Tower 0.875% 21/5/2029	70	0.01

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€600,000	ams-OSRAM 0% 5/3/2025	423	0.03
€730,000	Anglo American Capital 4.75% 21/9/2032	632	0.05
€300,000	Ardagh Packaging Finance / Ardagh USA 2.125% 15/8/2026	227	0.02
€200,000	Argenta Spaarbank 1.375% 8/2/2029	148	0.01
€300,000	Argenta Spaarbank 5.375% 29/11/2027	266	0.02
€220,000	Asahi 0.155% 23/10/2024	181	0.01
€110,000	ASTM 1.5% 25/1/2030	76	0.01
€120,000	ASTM 2.375% 25/11/2033	79	0.01
€100,000	Atos 0% 6/11/2024	77	0.01
€100,000	Atos 1.75% 7/5/2025	78	0.01
€1,300,000	Autostrade per l'Italia 1.625% 12/6/2023	1,134	0.09
€400,000	AXA 4.25% 10/3/2043	323	0.03
€100,000	Axalta Coating Systems Dutch B 3.75% 15/1/2025	86	0.01
€262,000	Azzurra Aeroporti 2.125% 30/5/2024	222	0.02
€101,000	Azzurra Aeroporti 2.625% 30/5/2027	77	0.01
€225,000	Banca Monte dei Paschi di Siena 6.75% 2/3/2026	198	0.02
€200,000	Banco Bilbao Vizcaya Argentaria 6% Perpetual 29/6/2171	172	0.01
€325,000	Banco BPM 3.375% 19/1/2032 <sup>o</sup>	248	0.02
€200,000	Banco de Sabadell 2.5% 15/4/2031	156	0.01
€100,000	Banco de Sabadell 5.25% 7/2/2029	85	0.01
€900,000	Banco Santander 3.875% 16/1/2028	774	0.06
€200,000	Banco Santander 4.125% Perpetual 12/8/2171	143	0.01
€400,000	Banco Santander 4.375% Perpetual 14/4/2171	305	0.02
€200,000	Banijay SAS 6.5% 1/3/2026	166	0.01
€200,000	Bankinter 7.375% Perpetual 15/5/2171	174	0.01
€700,000	Banque Federative du Credit Mutuel 0.625% 3/11/2028	498	0.04
€200,000	Banque Federative du Credit Mutuel 1.125% 19/11/2031	126	0.01
€300,000	Banque Federative du Credit Mutuel 3.75% 1/2/2033	253	0.02
€600,000	Banque Federative du Credit Mutuel 5.125% 13/1/2033	514	0.04
€850,000	Barclays 0.577% 9/8/2029	592	0.05

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€470,000	Barclays 5.262% 29/1/2034	413	0.03
€1,300,000	BAT International Finance 2.25% 16/1/2030	925	0.07
€500,000	BAWAG 2.375% 26/3/2029	420	0.03
€1,400,000	Bayer 2.375% 12/11/2079	1,129	0.09
€94,000	Bayer 3.75% 1/7/2074	80	0.01
€400,000	Bayer 4.5% 25/3/2082 <sup>o</sup>	326	0.03
€100,000	BCP V Modular Services Finance II 4.75% 30/11/2028	75	0.01
€500,000	BNP Paribas 0.25% 13/4/2027	384	0.03
€700,000	BNP Paribas 4.375% 13/1/2029	611	0.05
€200,000	BNP Paribas 7.375% Perpetual 11/6/2171	176	0.01
€200,000	Bouygues 5.375% 30/6/2042	184	0.01
€273,000	Boxer Parent 6.5% 2/10/2025	238	0.02
€211,000	BP Capital Markets 1.467% 21/9/2041	114	0.01
€111,000	BP Capital Markets 3.625% Perpetual 22/6/2171	85	0.01
€1,000,000	BPCE 4.375% 13/7/2028 <sup>o</sup>	867	0.07
€600,000	BPCE 5.125% 25/1/2035	509	0.04
€600,000	British Telecommunications 1.874% 18/8/2080	477	0.04
€175,000	Burger King France SAS 7.232% 1/11/2026	153	0.01
€200,000	CaixaBank 6.75% Perpetual 13/9/2171	173	0.01
€350,000	Capital One Financial 1.65% 12/6/2029	251	0.02
€356,000	Carnival 7.625% 1/3/2026	278	0.02
€378,000	Carnival 10.125% 1/2/2026	345	0.03
€400,000	Casino Guichard Perrachon 3.992% Perpetual 31/1/2172	73	0.01
€100,000	Cellnex Finance 1% 15/9/2027	73	0.01
€100,000	Cellnex Finance 1.5% 8/6/2028	73	0.01
€200,000	Cellnex Telecom 0.75% 20/11/2031	141	0.01
€100,000	Cellnex Telecom 1.75% 23/10/2030	68	0.00
€300,000	Centurion Bidco 5.875% 30/9/2026	237	0.02
€300,000	Chanel Ceres 0.5% 31/7/2026	232	0.02
€250,000	Cheplapharm Arzneimittel 4.375% 15/1/2028	194	0.01
€365,000	Chorus 0.875% 5/12/2026 <sup>o</sup>	283	0.02
€1,507,000	Chorus 1.125% 18/10/2023	1,298	0.10



# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€129,000	Cidron Aida Finco Sarl 5% 1/4/2028	100	0.01
€246,395	Cirsa Finance International Sarl 6.25% 20/12/2023	215	0.02
€229,000	Cirsa Finance International Sarl 10.375% 30/11/2027	213	0.02
€200,000	Citigroup 4.112% 22/9/2033	168	0.01
€200,000	Commerzbank 6.125% Perpetual 9/4/2171	165	0.01
€660,000	Conti-Gummi Finance 1.125% 25/9/2024 <sup>0</sup>	555	0.04
€121,000	Coty 3.875% 15/4/2026	101	0.01
€400,000	Credit Agricole 4% Perpetual 23/12/2171	304	0.02
€100,000	Credit Suisse 0.625% 18/1/2033	51	0.00
€500,000	Credit Suisse 0.65% 14/1/2028	335	0.03
€800,000	Credit Suisse 1% 24/6/2027	563	0.04
€300,000	Credit Suisse 2.125% 13/10/2026	227	0.02
€171,000	Cullinan Holdco Scsp 4.625% 15/10/2026	133	0.01
€1,330,000	Danske Bank 4.125% 10/1/2031	1,153	0.09
€300,000	de Volksbank 1.75% 22/10/2030	239	0.02
€900,000	Deutsche Bank 1.75% 19/11/2030	627	0.05
€800,000	Deutsche Bank 3.25% 24/5/2028	652	0.05
€200,000	Deutsche Bank 4% 24/6/2032	158	0.01
€200,000	Deutsche Bank 4% 24/6/2032	158	0.01
€100,000	Deutsche Lufthansa 2.875% 16/5/2027	78	0.01
€100,000	Deutsche Lufthansa 3.5% 14/7/2029	75	0.01
€100,000	Deutsche Lufthansa 3.75% 11/2/2028	79	0.01
€600,000	Digital Intrepid 1.375% 18/7/2032 <sup>0</sup>	384	0.03
€100,000	Dometic 3% 8/5/2026	77	0.01
€599,000	EC Finance 3% 15/10/2026	480	0.04
€700,000	EDP - Energias de Portugal 1.7% 20/7/2080	553	0.04
€100,000	EDP - Energias de Portugal 1.875% 2/8/2081	75	0.01
€100,000	EDP - Energias de Portugal 5.943% 23/4/2083	86	0.01
€100,000	eG Global Finance 3.625% 7/2/2024	82	0.01

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€400,000	Electricite de France 2.625% Perpetual 1/6/2171	280	0.02
€200,000	Electricite de France 3% Perpetual 3/12/2171	143	0.01
€600,000	Electricite de France 3.375% Perpetual 15/9/2171	403	0.03
€200,000	Electricite de France 7.5% Perpetual 6/12/2171	175	0.01
€700,000	EnBW Energie Baden-Wuerttemberg 1.125% 5/11/2079	570	0.04
€100,000	EnBW Energie Baden-Wuerttemberg 1.875% 29/6/2080	78	0.01
€300,000	EnBW Energie Baden-Wuerttemberg 2.125% 31/8/2081	185	0.01
€400,000	EnBW International Finance 4% 24/1/2035	338	0.03
€125,000	Enel 6.375% Perpetual 16/7/2171	109	0.01
€311,000	Enel Finance International 0.5% 17/6/2030	208	0.02
€190,000	Enel Finance International 4.5% 20/2/2043	156	0.01
€174,000	Energizer Gamma Acquisition 3.5% 30/6/2029	120	0.01
€485,000	Enexis 0.75% 2/7/2031	335	0.03
€300,000	Engie 4.25% 11/1/2043	253	0.02
€100,000	Eutelsat 2% 2/10/2025	80	0.01
€400,000	Exxon Mobil 1.408% 26/6/2039	226	0.02
€200,000	Faurecia 2.75% 15/2/2027	154	0.01
€150,000	Faurecia 7.25% 15/6/2026	135	0.01
€900,000	FCA Bank SpA/Ireland 0% 16/4/2024	753	0.06
€100,000	Fiber Bidco 11% 25/10/2027	94	0.01
€150,000	Finnair 4.25% 19/5/2025	118	0.01
€100,000	FIS Fabbrica Italiana Sintetici 5.625% 1/8/2027	77	0.01
€400,000	Fomento Economico Mexicano 1% 28/5/2033	255	0.02
€163,000	Food Service Project 5.5% 21/1/2027	133	0.01
€250,000	Ford Motor Credit 4.867% 3/8/2027	214	0.02
€515,000	Fortum 2.125% 27/2/2029 <sup>0</sup>	401	0.03
€900,000	Fresenius 5% 28/11/2029	788	0.06
€600,000	Fresenius & 4.25% 28/5/2026	522	0.04
€121,000	Garfunkelux Holdco 3 6.75% 1/11/2025	86	0.01

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€484,000	GE Capital European Funding Unlimited 3.65% 23/8/2032 <sup>o</sup>	404	0.03
€200,000	General Electric 0.875% 17/5/2025	164	0.01
€300,000	General Motors Financial 0.65% 7/9/2028	211	0.02
€100,000	Glencore Capital Finance DAC 0.75% 1/3/2029	69	0.00
€500,000	Glencore Capital Finance DAC 1.125% 10/3/2028	367	0.03
€950,000	Goldman Sachs 1.25% 7/2/2029	695	0.05
€100,000	Goldman Sachs 4% 21/9/2029	85	0.01
€316,000	Goldstory SASU 5.375% 1/3/2026 <sup>o</sup>	258	0.02
€172,000	Gruenthal 3.625% 15/11/2026 <sup>o</sup>	138	0.01
€100,000	Gruenthal 4.125% 15/5/2028	77	0.01
€215,000	Grupo Antolin-Irausa 3.375% 30/4/2026 <sup>o</sup>	159	0.01
€200,000	Hannover Rueck 5.875% 26/8/2043	182	0.01
€511,000	HeidelbergCement 3.75% 31/5/2032	418	0.03
€155,000	Heimstaden Bostad 2.625% Perpetual 1/5/2171	85	0.01
€100,000	Heimstaden Bostad 3.375% Perpetual 15/4/2171	56	0.00
€470,000	Herens Midco Sarl 5.25% 15/5/2029	281	0.02
€183,000	HT Troplast 9.25% 15/7/2025	156	0.01
€700,000	Iberdrola International 1.875% Perpetual 22/5/2171	609	0.05
€300,000	Iberdrola International 2.625% Perpetual 26/3/2171	258	0.02
€100,000	iliad 1.875% 11/2/2028	72	0.01
€100,000	iliad 5.375% 14/6/2027	86	0.01
€100,000	iliad 5.625% 15/2/2030	85	0.01
€120,000	IMA Industria Macchine Automatiche 3.75% 15/1/2028	91	0.01
€400,000	IMCD 2.125% 31/3/2027	317	0.02
€540,000	Imperial Brands Finance 1.125% 14/8/2023	468	0.04
€610,000	Imperial Brands Finance Netherlands 5.25% 15/2/2031	520	0.04
€112,000	INEOS Finance 6.625% 15/5/2028	97	0.01
€155,000	INEOS Quattro Finance 2.25% 15/1/2026	120	0.01

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€296,000	Informa 1.5% 5/7/2023	258	0.02
€500,000	ING Groep 0.375% 29/9/2028	363	0.03
€200,000	ING Groep 5.25% 14/11/2033	181	0.01
€100,000	Inter Media and Communication 6.75% 9/2/2027	83	0.01
€400,000	International Consolidated Airlines 3.75% 25/3/2029	286	0.02
€300,000	Intesa Sanpaolo 5.5% Perpetual 1/3/2172	224	0.02
€400,000	Intesa Sanpaolo 5.625% 8/3/2033	348	0.03
€282,000	Intesa Sanpaolo 5.875% Perpetual 20/6/2171	232	0.02
€331,000	Intrum 9.25% 15/3/2028	294	0.02
€430,000	Italgas 0.25% 24/6/2025	346	0.03
€117,000	Jaguar Land Rover Automotive 4.5% 15/7/2028 <sup>o</sup>	83	0.01
€200,000	Jaguar Land Rover Automotive 6.875% 15/11/2026	166	0.01
€100,000	JCDecaux 5% 11/1/2029	88	0.01
€460,000	JPMorgan Chase 1.09% 11/3/2027	367	0.03
€425,000	Kinder Morgan 2.25% 16/3/2027	344	0.03
€200,000	Kronos International 3.75% 15/9/2025	158	0.01
€200,000	La Financiere Atalian SASU 5.125% 15/5/2025	117	0.01
€200,000	La Poste 3.125% Perpetual 29/1/2172	161	0.01
€307,000	LANXESS 4.5% 6/12/2076	266	0.02
€100,000	LEG Immobilien 0.875% 28/11/2027	74	0.01
€99,232	Lincoln Financing SARL 3.625% 1/4/2024	87	0.01
€710,000	Lloyds Banking 0.5% 12/11/2025	586	0.05
€205,000	Lottomatica SpA/Roma 6.25% 15/7/2025	181	0.01
€100,000	Lottomatica SpA/Roma 9.75% 30/9/2027	94	0.01
€200,000	Louis Dreyfus Finance 2.375% 27/11/2025	166	0.01
€101,000	Loxam SAS 4.5% 15/2/2027	82	0.01
€150,000	Midco GB SASU 7.75% 1/11/2027	119	0.01
€200,000	MMS USA 0.625% 13/6/2025	162	0.01
€500,000	Morgan Stanley 0.497% 7/2/2031	333	0.03

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€550,000	Morgan Stanley 2.103% 8/5/2026	460	0.04
€1,150,000	Morgan Stanley 5.148% 25/1/2034	1,033	0.08
€150,000	Morgan Stanley 5.148% 25/1/2034	135	0.01
€200,000	MPT Operating Partnership LP / MPT Finance 3.325% 24/3/2025	153	0.01
€200,000	Mutuelle Assurance Des Commerçants et Industriels de France et Des Cadres et Sal 2.125% 21/6/2052	122	0.01
€200,000	National Grid 4.275% 16/1/2035	169	0.01
€2,130,000	National Grid North America 0.41% 20/1/2026	1,686	0.13
€200,000	Nationwide Building Society 1.5% 8/3/2026	165	0.01
€250,000	Netflix 4.625% 15/5/2029	217	0.02
€200,000	Nexi 0% 24/2/2028	128	0.01
€165,000	NGG Finance 1.625% 5/12/2079	136	0.01
€100,000	Nidra Healthcare 7.5% 21/8/2026	86	0.01
€150,000	Nissan Motor 1.94% 15/9/2023	130	0.01
€360,000	Nissan Motor 3.201% 17/9/2028	280	0.02
€700,000	NN 5.25% 1/3/2043	588	0.05
€103,000	Olympus Water US 3.875% 1/10/2028	77	0.01
€900,000	Orange 2.375% Perpetual 15/4/2171	743	0.06
€2,000,000	Origin Energy Finance 1% 17/9/2029 <sup>o</sup>	1,431	0.11
€193,000	PCF 4.75% 15/4/2026	145	0.01
€500,000	Philip Morris International 1.875% 6/11/2037	280	0.02
€192,000	Picard Groupe SAS 3.875% 1/7/2026	151	0.01
€390,000	Prologis Euro Finance 4.25% 31/1/2043	319	0.02
€550,000	Prologis International Funding II 0.75% 23/3/2033	326	0.03
€100,000	Promontoria 264 6.375% 1/3/2027	85	0.01
€280,000	Raytheon Technologies 2.15% 18/5/2030 <sup>o</sup>	213	0.02
€600,000	RCI Banque 2.625% 18/2/2030	481	0.04
€1,500,000	RCI Banque 4.125% 1/12/2025	1,308	0.10

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€1,300,000	Redexis Gas Finance 1.875% 28/5/2025	1,084	0.09
€700,000	Rekeep 7.25% 1/2/2026	531	0.04
€999,000	RELX Finance 1% 22/3/2024	850	0.07
€188,000	Repsol International Finance 4.247% Perpetual 11/12/2171	147	0.01
€430,000	Repsol International Finance 4.5% 25/3/2075 <sup>o</sup>	365	0.03
€440,000	Rossini Sarl 6.75% 30/10/2025	387	0.03
€1,720,000	RWE 2.75% 24/5/2030	1,374	0.11
€130,000	SCIL IV / SCIL USA 4.375% 1/11/2026	104	0.01
€1,075,000	SELP Finance Sarl 0.875% 27/5/2029	733	0.06
€250,000	SELP Finance Sarl 3.75% 10/8/2027	208	0.02
€1,629,000	SES 2.875% Perpetual 27/8/2171	1,202	0.10
€100,000	SES 5.625% Perpetual 29/1/2172	86	0.01
€235,000	Sherwood Financing 4.5% 15/11/2026 <sup>o</sup>	180	0.01
€302,000	Snam 0.875% 25/10/2026	238	0.02
€1,000,000	Societe Generale 4.25% 6/12/2030	847	0.07
€600,000	Societe Generale 7.875% Perpetual 18/7/2171	532	0.04
€298,000	SoftBank 2.125% 6/7/2024	246	0.02
€228,000	SoftBank 3.125% 19/9/2025	182	0.01
€112,000	SoftBank 4.5% 20/4/2025	94	0.01
€900,000	Southern 1.875% 15/9/2081	628	0.05
€300,000	Southern 1.875% 15/9/2081	209	0.02
€100,000	Summer BC Holdco B SARL 5.75% 31/10/2026	78	0.01
€115,349	Summer BidCo 9% 15/11/2025	79	0.01
€112,937	Summer BidCo 9% 15/11/2025	77	0.01
€930,000	Swedbank 4.25% 11/7/2028	806	0.06
€400,000	Syngenta Finance 1.25% 10/9/2027	297	0.02
€100,000	TeamSystem 3.5% 15/2/2028	78	0.01
€87,920	Techem Verwaltungsgesellschaft 674 mbH 6% 30/7/2026	74	0.01
€100,000	Techem Verwaltungsgesellschaft 675 mbH 2% 15/7/2025	81	0.01
€400,000	Telecom Italia SpA/Milano 1.625% 18/1/2029	264	0.02

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€150,000	Telecom Italia SpA/Milano 6.875% 15/2/2028	133	0.01
€400,000	Telefonica Europe 3% Perpetual 4/12/2171	347	0.03
€800,000	Telefonica Europe 3.875% Perpetual 22/9/2171	647	0.05
€400,000	Telefonica Europe 6.135% Perpetual 3/5/2171	337	0.03
€100,000	Telefonica Europe 7.125% Perpetual 23/11/2171	90	0.01
€330,000	Telstra 1.375% 26/3/2029	251	0.02
€1,400,000	TenneT 2.374% Perpetual 22/10/2171 <sup>0</sup>	1,148	0.09
€300,000	TenneT 2.75% 17/5/2042	217	0.02
€600,000	Terega SASU 0.625% 27/2/2028	438	0.03
€150,000	Tereos Finance Groupe I 7.25% 15/4/2028	131	0.01
€100,000	Teva Pharmaceutical Finance Netherlands II 1.875% 31/3/2027	73	0.01
€460,000	Teva Pharmaceutical Finance Netherlands II 3.75% 9/5/2027	359	0.03
€784,000	Teva Pharmaceutical Finance Netherlands II 4.5% 1/3/2025	679	0.05
€400,000	Thales 0.875% 19/4/2024 <sup>0</sup>	340	0.03
€1,170,000	Thames Water Utilities Finance 4.375% 18/1/2031	1,005	0.08
€200,000	TK Elevator Midco 4.375% 15/7/2027	159	0.01
€500,000	TotalEnergies 1.75% Perpetual 4/4/2171	419	0.03
€561,000	TotalEnergies 2.625% Perpetual 26/2/2172	462	0.04
€1,300,000	TotalEnergies 2.708% Perpetual 5/5/2171	1,129	0.09
€240,000	Toyota Motor Finance Netherlands 0% 27/10/2025	191	0.01
€100,000	Trivium Packaging Finance 3.75% 15/8/2026	80	0.01
€100,000	Trivium Packaging Finance 6.404% 15/8/2026	86	0.01
€900,000	UBS 0.25% 5/11/2028	655	0.05
€100,000	UGI International 2.5% 1/12/2029	69	0.00
€270,000	UniCredit 7.5% Perpetual 3/6/2171	232	0.02
€100,000	United 4.875% 1/7/2024	85	0.01
€610,000	Upjohn Finance 1.023% 23/6/2024	512	0.04

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€1,000,000	Vantage Towers 0.375% 31/3/2027	821	0.06
€1,900,000	Vantage Towers 0.75% 31/3/2030 <sup>0</sup>	1,528	0.12
€100,000	Verallia 1.875% 10/11/2031	69	0.00
€196,000	Verisure 3.25% 15/2/2027	148	0.01
€184,000	Verisure 3.875% 15/7/2026	146	0.01
€100,000	Verisure 9.25% 15/10/2027	93	0.01
€2,040,000	Viterra Finance 1% 24/9/2028	1,436	0.11
€1,100,000	Vodafone 3.1% 3/1/2079	950	0.08
€400,000	Vodafone 4.2% 3/10/2078	319	0.02
€1,600,000	Volkswagen International Finance 3.5% Perpetual 17/6/2171	1,307	0.10
€500,000	Volkswagen International Finance 4.25% 15/2/2028	434	0.03
€840,000	Volvo Treasury 2.625% 20/2/2026	711	0.06
€200,000	Vonovia 1.375% 28/1/2026	162	0.01
€100,000	Vonovia 1.875% 28/6/2028	77	0.01
€375,000	VZ Secured Financing 3.5% 15/1/2032	257	0.02
€950,000	Wells Fargo & 0.625% 25/3/2030	647	0.05
€1,500,000	Wells Fargo & 1.741% 4/5/2030	1,121	0.09
€2,700,000	Wintershall Dea Finance 1.332% 25/9/2028	1,966	0.16
€1,100,000	Wintershall Dea Finance 2 2.4985% Perpetual 20/7/2171	819	0.06
€300,000	Wintershall Dea Finance 2 3% Perpetual 20/1/2172	204	0.02
€450,000	Wolters Kluwer 3% 23/9/2026	384	0.03
€200,000	ZF Finance 2.75% 25/5/2027 <sup>0</sup>	155	0.01
€300,000	ZF Finance 5.75% 3/8/2026	265	0.02
		<b>100,218</b>	<b>7.99</b>
<b>Euro Denominated Government Bonds – 0.03%; 28.2.2022 0.01%</b>			
€225,000	Mexico Government International Bond 1.45% 25/10/2033	139	0.01
€215,000	Republic of Poland Government International Bond 4.25% 14/2/2043	181	0.02
		<b>320</b>	<b>0.03</b>

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Euro Denominated Mortgage Backed Securities – 1.74%;</b>			
<b>28.2.2022 1.64%</b>			
€900,000	AlbaCore EURO CLO I DAC 5.578% 18/10/2034	710	0.06
€500,000	Anchorage Capital Europe CLO 2 DAC 8.738% 15/4/2034	397	0.03
€400,000	Anchorage Capital Europe CLO 2021-4 DAC 8.159% 25/4/2034	303	0.02
€583,000	ARBOUR CLO IX DAC 5.538% 15/4/2034	464	0.04
€2,000,000	Aurium CLO II DAC 8.161% 22/6/2034	1,547	0.12
€2,000,000	BBAM European CLO I DAC 8.303% 22/7/2034	1,533	0.12
€1,000,000	BBAM European CLO II DAC 8.398% 15/10/2034	759	0.06
€500,000	BlueMountain 2021-1 CLO DAC 7.698% 15/4/2034	375	0.03
€1,000,000	Bridgepoint CLO 3 DAC 8.528% 15/1/2036	765	0.06
€850,000	Cabintely Park CLO DAC 8.914% 15/8/2034	645	0.05
€1,000,000	Cairn CLO XIV DAC 8.578% 29/10/2034	769	0.06
€500,000	Capital Four CLO II DAC 8.198% 15/1/2034	385	0.03
€728,000	Capital Four CLO III DAC 8.348% 15/10/2034	552	0.04
€400,000	CIFC European Funding CLO III DAC 7.898% 15/1/2034	306	0.03
€1,000,000	Contego CLO VIII DAC 8.509% 25/1/2034	760	0.06
€883,000	CVC Cordatus Loan Fund XX DAC 5.081% 22/6/2034	704	0.06
€528,000	CVC Cordatus Loan Fund XX DAC 7.691% 22/6/2034	397	0.03
€784,000	CVC Cordatus Loan Fund XXII DAC 8.206% 15/12/2034	593	0.05
€742,000	Fair Oaks Loan Funding III DAC 8.398% 15/10/2034	581	0.05
€800,000	Fidelity Grand Harbour CLO 2021-1 DAC 8.508% 15/10/2034	616	0.05
€500,000	Henley CLO IV DAC 7.699% 25/4/2034	372	0.03
€300,000	Marino Park CLO DAC 7.958% 16/1/2034	233	0.02
€313,000	Neuberger Berman Loan Advisers Euro CLO 7.808% 17/4/2034	237	0.02
€873,000	Neuberger Berman Loan Advisers Euro CLO 2 DAC 8.348% 15/4/2034	671	0.05

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€410,000	North Westerly VII ESG CLO DAC 8.314% 15/5/2034	309	0.03
€2,000,000	Northwoods Capital 21 Euro DAC 8.453% 22/7/2034	1,533	0.12
€852,000	Northwoods Capital 23 Euro DAC 8.256% 15/3/2034	642	0.05
€748,000	OCP Euro CLO 2019-3 DAC 8.362% 20/4/2033	581	0.05
€1,000,000	OCP Euro CLO 2022-5 DAC 8.812% 20/4/2035	767	0.06
€800,000	Palmer Square European CLO 2022-1 DAC 8.753% 21/1/2035	627	0.05
€1,000,000	Providus Clo VI DAC 8.813% 20/5/2034	765	0.06
€500,000	Sound Point Euro CLO V Funding DAC 8.289% 25/7/2035	378	0.03
€1,000,000	Tikehau CLO VI DAC 8.608% 15/1/2035	770	0.06
€1,000,000	Voya Euro CLO IV DAC 8.448% 15/10/2034	774	0.06
		<b>21,820</b>	<b>1.74</b>
<b>UK Sterling Denominated Corporate Bonds – 2.96%;</b>			
<b>28.2.2022 1.06%</b>			
£107,000	Allied Universal Holdco LLC/Allied Universal Finance Corp/Atlas Luxco 4 Sarl 4.875% 1/6/2028	87	0.01
£400,000	Anheuser-Busch InBev 4% 24/9/2025 <sup>0</sup>	394	0.03
£300,000	Anheuser-Busch InBev 9.75% 30/7/2024	319	0.03
£235,000	APA Infrastructure 2.5% 15/3/2036	157	0.01
£285,000	APA Infrastructure 3.5% 22/3/2030	244	0.02
£100,000	Ardagh Packaging Finance / Ardagh USA 4.75% 15/7/2027	78	0.01
£179,000	Aroundtown 4.75% Perpetual 25/6/2171	91	0.01
£550,000	AT&T 5.5% 15/3/2027 <sup>0</sup>	552	0.04
£1,800,000	Banco Santander 1.5% 14/4/2026	1,587	0.13
£400,000	Banco Santander 2.25% 4/10/2032	326	0.03
£1,600,000	Banco Santander 4.75% 30/8/2028	1,544	0.12
£900,000	Barclays 3.125% 17/1/2024	883	0.07
£400,000	Barclays 7.125% Perpetual 15/9/2171	384	0.03
£560,000	Barclays 8.407% 14/11/2032	585	0.05

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
£1,400,000	BAT International Finance 4% 4/9/2026	1,312	0.10
£100,000	Bellis Acquisition 3.25% 16/2/2026	83	0.01
£300,000	Bellis Acquisition 4.5% 16/2/2026	256	0.02
£600,000	BNP Paribas 3.375% 23/1/2026	568	0.04
£400,000	BPCE 2.5% 30/11/2032	329	0.03
£150,000	Bunzl Finance 1.5% 30/10/2030	113	0.01
£600,000	BUFA Finance 5% 8/12/2026 <sup>o</sup>	576	0.05
£395,000	Channel Link Enterprises Finance 3.043% 30/6/2050	332	0.03
£196,000	Cidron Aida Finco Sarl 6.25% 1/4/2028 <sup>o</sup>	168	0.01
£200,000	Comcast 1.5% 20/2/2029	165	0.01
£500,000	Commerzbank 1.75% 22/1/2025 <sup>o</sup>	461	0.04
£100,000	Commerzbank 8.625% 28/2/2033	102	0.01
£170,000	CPUK Finance 4.5% 28/8/2027	145	0.01
£1,200,000	Credit Agricole 4.875% 23/10/2029	1,172	0.09
£150,000	Credit Suisse 7.75% 10/3/2026	152	0.01
£350,000	Danske Bank 2.25% 14/1/2028	304	0.02
£570,000	Danske Bank 4.625% 13/4/2027	558	0.04
£600,000	Deutsche Bank 2.625% 16/12/2024 <sup>o</sup>	564	0.04
£1,200,000	Deutsche Bank 6.125% 12/12/2030	1,167	0.09
£300,000	Digital Stout 2.75% 19/7/2024	289	0.02
£400,000	Electricite de France 5.625% 25/1/2053	362	0.03
£289,000	Encore Capital 4.25% 1/6/2028	230	0.02
£270,000	Enel Finance International 5.625% 14/8/2024	272	0.02
£95,000	Enel Finance International 5.75% 14/9/2040	93	0.01
£554,000	Fiserv 2.25% 1/7/2025 <sup>o</sup>	520	0.04
£239,000	Ford Motor Credit 4.535% 6/3/2025	229	0.02
£188,000	Ford Motor Credit 6.86% 5/6/2026	188	0.01
£600,000	Galaxy Bidco 6.5% 31/7/2026	543	0.04
£251,000	Garfunkelux Holdco 3 7.75% 1/11/2025	202	0.02

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
£140,000	Gatwick Airport Finance 4.375% 7/4/2026	128	0.01
£2,825,000	Glencore Finance Europe 3.125% 26/3/2026	2,655	0.21
£300,000	Heathrow Finance 3.875% 1/3/2027	265	0.02
£600,000	HSBC 2.256% 13/11/2026	548	0.04
£650,000	HSBC 8.201% 16/11/2034	687	0.05
£190,000	Imperial Brands Finance 4.875% 7/6/2032	162	0.01
£1,000,000	Imperial Brands Finance 5.5% 28/9/2026	982	0.08
£600,000	Imperial Brands Finance 8.125% 15/3/2024	613	0.05
£500,000	ING Groep 6.25% 20/5/2033	488	0.04
£1,100,000	ING Groep 6.25% 20/5/2033	1,074	0.09
£275,000	Intesa Sanpaolo 5.148% 10/6/2030	229	0.02
£100,000	Jerrold Finco 4.875% 15/1/2026	88	0.01
£200,000	Korian 4.125% Perpetual 15/6/2171	156	0.01
£106,000	Kraft Heinz Foods 4.125% 1/7/2027	101	0.01
£300,000	Lloyds Banking 1.875% 15/1/2026	279	0.02
£680,000	Lloyds Banking 2% 12/4/2028	583	0.05
£300,000	Morgan Stanley 5.789% 18/11/2033	301	0.02
£200,000	National Grid Electricity Distribution West Midlands 3.875% 17/10/2024	195	0.02
£200,000	Nationwide Building Society 5.75% Perpetual 20/12/2171	180	0.01
£300,000	NatWest 7.416% 6/6/2033	305	0.02
£477,000	Ocado 3.875% 8/10/2026	369	0.03
£100,000	Pinewood Finance 3.625% 15/11/2027	89	0.01
£132,000	Premier Foods Finance 3.5% 15/10/2026	118	0.01
£120,000	Severn Trent Utilities Finance 4.625% 30/11/2034	113	0.01
£100,000	Sherwood Financing 6% 15/11/2026	82	0.01
£500,000	Sky 6% 21/5/2027 <sup>o</sup>	521	0.04
£400,000	SSE 8.375% 20/11/2028	457	0.04
£800,000	Stonegate Pub Financing 2019 8.25% 31/7/2025	759	0.06
£350,000	Swedbank 7.272% 15/11/2032	358	0.03
£600,000	Telefonica Emisiones 5.375% 2/2/2026	600	0.05

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
£190,000	Verizon Communications 2.5% 8/4/2031	156	0.01
£300,000	Vinci 2.25% 15/3/2027	272	0.02
£400,000	Virgin Media Secured Finance 4.25% 15/1/2030	319	0.03
£1,000,000	Virgin Media SFA Finance FRN 15/11/2027 GBP TL 0% 15/11/2027	948	0.08
£193,000	Virgin Media Vendor Financing Notes III DAC 4.875% 15/7/2028	162	0.01
£732,000	Vmed O2 UK Financing I 4% 31/1/2029	598	0.05
£169,000	Vmed O2 UK Financing I 4.5% 15/7/2031	133	0.01
£310,000	Vodafone 4.875% 3/10/2078	295	0.02
£400,000	Volkswagen Financial Services 1.375% 14/9/2028	319	0.03
£600,000	Volkswagen Financial Services 1.625% 10/2/2024 <sup>o</sup>	579	0.05
£1,050,000	Wells Fargo Bank NA 5.25% 1/8/2023	1,049	0.08
£120,000	WPP Finance 2017 3.75% 19/5/2032	103	0.01
		<b>37,104</b>	<b>2.96</b>

## UK Sterling Denominated Government Bonds – 0.18%; 28.2.2022 0.00%

£4,174,197	United Kingdom Gilt 1.5% 31/7/2053	<b>2,294</b>	<b>0.18</b>
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## US Dollar Denominated Corporate Bonds – 11.69%; 28.2.2022 11.09%

\$260,000	7-Eleven 1.8% 10/2/2031	164	0.01
\$400,000	AbbVie 4.3% 14/5/2036	296	0.02
\$1,400,000	AbbVie 4.5% 14/5/2035	1,068	0.09
\$150,000	AbbVie 4.55% 15/3/2035	115	0.01
\$200,000	ABN AMRO Bank 3.324% 13/3/2037	125	0.01
\$300,000	AEP Transmission 3.65% 1/4/2050	189	0.01
\$720,000	AerCap Ireland Capital DAC / AerCap Global Aviation Trust 3.5% 15/1/2025	567	0.05
\$250,000	Aetna 4.125% 15/11/2042	167	0.01
\$200,000	Ahlstrom-Munksjo 3 Oy 4.875% 4/2/2028	140	0.01
\$305,000	Air Products and Chemicals 2.05% 15/5/2030	211	0.02
\$275,000	Alexandria Real Estate Equities 3% 18/5/2051	145	0.01
\$135,000	Alexandria Real Estate Equities 4.75% 15/4/2035	106	0.01
\$200,000	Alimentation Couche-Tard 3.625% 13/5/2051	112	0.01

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$1,200,000	Allianz 3.2% Perpetual 30/4/2171	746	0.06
\$100,000	Ally Financial 8% 1/11/2031	89	0.01
\$498,000	Altria 5.8% 14/2/2039	377	0.03
\$985,000	Amazon.com 2.1% 12/5/2031	667	0.05
\$200,000	Amazon.com 2.7% 3/6/2060	100	0.01
\$200,000	Amazon.com 2.7% 3/6/2060	100	0.01
\$700,000	Amazon.com 4.7% 1/12/2032	570	0.05
\$100,000	American International 4.8% 10/7/2045	73	0.01
\$180,000	American Water Capital 3.45% 1/5/2050	109	0.01
\$800,000	Amgen 3.375% 21/2/2050	459	0.04
\$110,000	Amgen 4.2% 22/2/2052	72	0.01
\$460,000	Amgen 5.65% 2/3/2053	374	0.03
\$435,000	Anglo American Capital 2.25% 17/3/2028	305	0.02
\$730,000	Anglo American Capital 3.875% 16/3/2029	546	0.04
\$765,000	Anglo American Capital 3.875% 16/3/2029	573	0.05
\$200,000	Anheuser-Busch InBev Finance 4.9% 1/2/2046	151	0.01
\$1,210,000	Anheuser-Busch InBev Worldwide 5.55% 23/1/2049	1,000	0.08
\$85,000	Aon / Aon Global 3.9% 28/2/2052	54	0.00
\$385,000	Aon Global 4.45% 24/5/2043	254	0.02
\$305,000	Aon Global 4.75% 15/5/2045	223	0.02
\$140,000	Apple 3.85% 4/5/2043	99	0.01
\$650,000	Apple 3.95% 8/8/2052	454	0.04
\$440,000	Apple 4.1% 8/8/2062	304	0.02
\$115,000	Arthur J Gallagher & 3.5% 20/5/2051	67	0.01
\$145,000	AstraZeneca 4.375% 17/8/2048	108	0.01
\$90,000	Astrazeneca Finance 2.25% 28/5/2031	62	0.00
\$800,000	AT&T 2.55% 1/12/2033	505	0.04
\$400,000	AT&T 4.3% 15/2/2030	310	0.02
\$2,149,000	AT&T 4.5% 15/5/2035	1,592	0.13
\$700,000	Athene Global Funding 2.55% 19/11/2030	456	0.04
\$460,000	Atmos Energy 2.85% 15/2/2052	248	0.02
\$110,000	Atmos Energy 2.85% 15/2/2052	59	0.00
\$625,000	Autodesk 2.85% 15/1/2030	443	0.04
\$600,000	Avery Dennison 2.25% 15/2/2032	380	0.03
\$91,000	Aviation Capital 3.5% 1/11/2027	66	0.01

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$515,000	BAE Systems 1.9% 15/2/2031	333	0.03
\$500,000	BAE Systems 1.9% 15/2/2031	323	0.03
\$400,000	BAE Systems 3.85% 15/12/2025	318	0.03
\$500,000	Baltimore Gas and Electric 3.2% 15/9/2049	292	0.02
\$150,000	Baltimore Gas and Electric 3.2% 15/9/2049	88	0.01
\$350,000	Baltimore Gas and Electric 3.5% 15/8/2046	217	0.02
\$400,000	Bank of America 1.319% 19/6/2026	300	0.02
\$580,000	Bank of America 2.015% 13/2/2026	446	0.04
\$800,000	Bank of America 2.687% 22/4/2032	536	0.04
\$200,000	Bank of America 2.972% 21/7/2052	107	0.01
\$1,200,000	Bank of America 3.559% 23/4/2027	933	0.07
\$250,000	Bank of America 3.846% 8/3/2037	173	0.01
\$700,000	Bank of America 3.846% 8/3/2037	486	0.04
\$900,000	Bank of America 4.571% 27/4/2033	689	0.05
\$1,040,000	Bank of America 5.015% 22/7/2033	826	0.07
\$650,000	Bank of America 5.015% 22/7/2033	516	0.04
\$790,000	Bank of Ireland 6.253% 16/9/2026	654	0.05
\$1,000,000	Bank of New York Mellon 4.706% 1/2/2034	793	0.06
\$400,000	Banque Federative du Credit Mutuel 2.375% 21/1/2024	313	0.02
\$550,000	Barclays 3.564% 23/9/2035	361	0.03
\$500,000	Barclays 7.437% 2/11/2033	444	0.04
\$100,000	Barclays 7.437% 2/11/2033	89	0.01
\$400,000	Barclays 8% Perpetual 15/12/2171	323	0.03
\$200,000	Barrick North America Finance 5.75% 1/5/2043	166	0.01
\$320,000	Bayer US Finance II 4.375% 15/12/2028	249	0.02
\$600,000	BNP Paribas 2.871% 19/4/2032	399	0.03
\$1,750,000	BNP Paribas 5.125% 13/1/2029	1,420	0.11
\$200,000	BNP Paribas 7.75% Perpetual 16/2/2172	168	0.01

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$900,000	Boeing 3.25% 1/2/2035	575	0.05
\$500,000	Boeing 3.55% 1/3/2038	310	0.02
\$400,000	Boeing 3.6% 1/5/2034	268	0.02
\$1,970,000	Boeing 4.875% 1/5/2025	1,604	0.13
\$335,000	Boeing 5.93% 1/5/2060	259	0.02
\$300,000	Boeing 5.93% 1/5/2060	232	0.02
\$300,000	Boston Properties LP 2.45% 1/10/2033	181	0.01
\$285,000	Boston Properties LP 2.55% 1/4/2032	180	0.01
\$1,400,000	BP Capital Markets America 4.812% 13/2/2033	1,133	0.09
\$450,000	BPCE 1.652% 6/10/2026	332	0.03
\$280,000	BPCE 2.277% 20/1/2032	177	0.01
\$600,000	BPCE 2.7% 1/10/2029	422	0.03
\$300,000	BPCE 3.116% 19/10/2032	190	0.02
\$285,000	BPCE 4.5% 15/3/2025	228	0.02
\$350,000	BPCE 4.625% 12/9/2028	271	0.02
\$250,000	BPCE 5.748% 19/7/2033	201	0.02
\$190,000	Bristol-Myers Squibb 4.25% 26/10/2049	134	0.01
\$510,000	Bristol-Myers Squibb 4.25% 26/10/2049	360	0.03
\$200,000	British Telecommunications 4.25% 23/11/2081	146	0.01
\$2,415,000	Broadcom 4.926% 15/5/2037	1,729	0.14
\$140,000	Cameron LNG 3.302% 15/1/2035	96	0.01
\$290,000	Canadian National Railway 4.4% 5/8/2052	212	0.02
\$468,000	Canadian Pacific Railway 2.45% 2/12/2031	320	0.03
\$464,000	Canadian Pacific Railway 3% 2/12/2041	287	0.02
\$54,000	Carrier Global 2.493% 15/2/2027	40	0.00
\$385,000	Caterpillar 2.6% 9/4/2030	276	0.02
\$700,000	Charter Communications Operating / Charter Communications Operating Capital 2.25% 15/1/2029	465	0.04
\$410,000	Charter Communications Operating / Charter Communications Operating Capital 3.5% 1/6/2041	221	0.02
\$265,000	Charter Communications Operating / Charter Communications Operating Capital 5.375% 1/4/2038	183	0.01



# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$503,000	Charter Communications Operating / Charter Communications Operating Capital 5.375% 1/5/2047	329	0.03
\$954,000	Charter Communications Operating / Charter Communications Operating Capital 6.384% 23/10/2035	759	0.06
\$800,000	Cheniere Energy Partners LP 4% 1/3/2031	571	0.05
\$200,000	Cheplapharm Arzneimittel 5.5% 15/1/2028	147	0.01
\$175,000	Cigna Group 3.4% 15/3/2050	101	0.01
\$200,000	Cigna Group 4.9% 15/12/2048	148	0.01
\$320,000	Citigroup 2.666% 29/1/2031	219	0.02
\$650,000	Citigroup 3.98% 20/3/2030	490	0.04
\$2,800,000	Citigroup 4.412% 31/3/2031	2,145	0.17
\$250,000	Citigroup 6.675% 13/9/2043	227	0.02
\$103,000	Comcast 2.937% 1/11/2056	53	0.00
\$502,000	Comcast 2.987% 1/11/2063	251	0.02
\$375,000	Comcast 3.4% 1/4/2030	279	0.02
\$495,000	Comcast 3.4% 1/4/2030	369	0.03
\$500,000	Comcast 3.9% 1/3/2038	353	0.03
\$150,000	Comcast 3.999% 1/11/2049	99	0.01
\$370,000	Comcast 4% 1/3/2048	245	0.02
\$126,000	CommonSpirit Health 2.782% 1/10/2030	87	0.01
\$90,000	CommonSpirit Health 3.91% 1/10/2050	56	0.00
\$90,000	Consumers Energy 3.1% 15/8/2050	52	0.00
\$190,000	Consumers Energy 4.2% 1/9/2052	132	0.01
\$700,000	Consumers Energy 4.625% 15/5/2033	563	0.04
\$105,000	Coterra Energy 3.9% 15/5/2027	81	0.01
\$300,000	Cox Communications 1.8% 1/10/2030	191	0.02
\$665,000	Cox Communications 2.6% 15/6/2031	443	0.04
\$200,000	Credit Suisse 6.25% Perpetual 18/12/2171	136	0.01
\$940,000	Crown Castle 2.9% 15/3/2027	705	0.06
\$130,000	Crown Castle 4.15% 1/7/2050	82	0.01
\$145,000	CSX 3.8% 1/11/2046	93	0.01
\$470,000	CSX 4.5% 15/11/2052	334	0.03
\$432,000	CVS Health 4.3% 25/3/2028	341	0.03
\$375,000	CVS Health 4.78% 25/3/2038	281	0.02

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$915,000	CVS Health 5% 20/2/2026	752	0.06
\$700,000	CVS Health 5.125% 21/2/2030	568	0.05
\$350,000	CVS Health 5.125% 20/7/2045	260	0.02
\$411,000	Danaos 8.5% 1/3/2028	329	0.03
\$244,000	DCP Midstream Operating LP 3.25% 15/2/2032	168	0.01
\$470,000	Deutsche Bank AG/New York NY 7.079% 10/2/2034	377	0.03
\$330,000	Devon Energy 4.75% 15/5/2042	226	0.02
\$130,000	Devon Energy 5.6% 15/7/2041	99	0.01
\$480,000	Diamondback Energy 3.5% 1/12/2029	349	0.03
\$130,000	Diamondback Energy 4.25% 15/3/2052	80	0.01
\$400,000	Discover Bank 4.682% 9/8/2028	317	0.03
\$725,000	Dominion Energy 2.25% 15/8/2031	473	0.04
\$180,000	DTE Energy 1.05% 1/6/2025	135	0.01
\$890,000	Duke Energy 3.25% 15/1/2082	580	0.05
\$490,000	Duke Energy 5% 8/12/2025	403	0.03
\$335,000	Duke Energy Carolinas 3.55% 15/3/2052	204	0.02
\$115,000	Duke Energy Florida 5.95% 15/11/2052	101	0.01
\$400,000	Duke Energy Progress 3.45% 15/3/2029	302	0.02
\$700,000	Eastman Chemical 5.75% 8/3/2033	575	0.05
\$580,000	Ecolab 4.8% 24/3/2030	474	0.04
\$520,000	Edison International 6.95% 15/11/2029	449	0.04
\$525,000	EDP Finance 6.3% 11/10/2027 <sup>o</sup>	446	0.04
\$455,000	ElG Pearl Sarl 3.545% 31/8/2036	314	0.02
\$265,000	Elevance Health 2.25% 15/5/2030	180	0.01
\$430,000	Elevance Health 4.65% 15/1/2043	318	0.03
\$390,000	Elevance Health 5.125% 15/2/2053	303	0.02
\$930,000	Enel Finance International 7.75% 14/10/2052	860	0.07
\$220,000	Energy Transfer LP 4.95% 15/1/2043	147	0.01

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$720,000	Energy Transfer LP 5.55% 15/2/2028	593	0.05
\$700,000	Energy Transfer LP 5.75% 15/2/2033	569	0.05
\$280,000	Energy Transfer LP 5.8% 15/6/2038	216	0.02
\$615,000	Energy Transfer LP 6% 15/6/2048	465	0.04
\$235,000	Energy Transfer LP 6.1% 15/2/2042	179	0.01
\$265,000	Entergy 0.9% 15/9/2025	195	0.02
\$705,000	Entergy Louisiana 3.12% 1/9/2027	534	0.04
\$125,000	Enterprise Products Operating 4.25% 15/2/2048	83	0.01
\$400,000	Enterprise Products Operating 4.8% 1/2/2049	288	0.02
\$400,000	Enterprise Products Operating 4.9% 15/5/2046	289	0.02
\$500,000	Enterprise Products Operating 6.45% 1/9/2040	436	0.03
\$35,000	EOG Resources 4.95% 15/4/2050	28	0.00
\$675,000	EQT 5.7% 1/4/2028	549	0.04
\$389,000	Equinix 2.15% 15/7/2030	257	0.02
\$200,000	Exelon 4.05% 15/4/2030	151	0.01
\$10,000	Exelon 4.7% 15/4/2050	7	0.00
\$75,000	Exelon 5.1% 15/6/2045	57	0.00
\$110,000	Florida Gas Transmission 2.55% 1/7/2030	75	0.01
\$125,000	Ford Foundation/The 2.415% 1/6/2050	67	0.01
\$80,000	GATX 3.1% 1/6/2051	42	0.00
\$300,000	General Dynamics 4.25% 1/4/2040	224	0.02
\$1,300,000	General Motors 5.4% 15/10/2029	1,034	0.08
\$654,000	General Motors 6.6% 1/4/2036	540	0.04
\$385,000	General Motors Financial 2.4% 10/4/2028	271	0.02
\$150,000	Gilead Sciences 4% 1/9/2036	109	0.01
\$600,000	Gilead Sciences 4.15% 1/3/2047	412	0.03
\$545,000	Global Payments 2.9% 15/11/2031	358	0.03
\$240,000	Global Payments 3.2% 15/8/2029	169	0.01
\$350,000	Global Payments 4.15% 15/8/2049	209	0.02
\$105,000	Global Payments 5.95% 15/8/2052	80	0.01
\$1,060,000	GLP Capital LP / GLP Financing II 4% 15/1/2031	753	0.06

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$435,000	Goldman Sachs 2.383% 21/7/2032	281	0.02
\$370,000	Goldman Sachs 2.615% 22/4/2032	245	0.02
\$400,000	Goldman Sachs 2.65% 21/10/2032	263	0.02
\$2,430,000	Goldman Sachs 3.691% 5/6/2028	1,865	0.15
\$400,000	Goldman Sachs 6.75% 1/10/2037	351	0.03
\$1,135,000	Greensail Pipelines Bidco Sarl 6.51% 23/2/2042 <sup>o</sup>	949	0.08
\$180,000	Halliburton 4.85% 15/11/2035	138	0.01
\$150,000	Hartford Financial Services 3.6% 19/8/2049	92	0.01
\$490,000	HCA 5.5% 15/6/2047	361	0.03
\$155,000	Healthpeak Properties Interim 5.25% 15/12/2032	126	0.01
\$360,000	Hess 4.3% 1/4/2027	285	0.02
\$160,000	Hess 7.125% 15/3/2033	142	0.01
\$445,000	Home Depot 3.625% 15/4/2052	280	0.02
\$115,000	Home Depot 4.95% 15/9/2052	90	0.01
\$2,750,000	HSBC 3.973% 22/5/2030	2,033	0.16
\$250,000	HSBC 6% Perpetual 22/11/2171	191	0.02
\$100,000	HSBC Bank 5.40114% Perpetual 19/12/2171	64	0.00
\$35,000	Hubbell 2.3% 15/3/2031	23	0.00
\$80,000	Humana 2.15% 3/2/2032	51	0.00
\$40,000	Hyundai Capital America 1.3% 8/1/2026	29	0.00
\$1,070,000	Hyundai Capital America 2% 15/6/2028	736	0.06
\$2,050,000	ING Groep 4.7% 22/3/2028 <sup>o</sup>	1,691	0.13
\$200,000	Intel 3.05% 12/8/2051	105	0.01
\$1,110,000	Intel 5.7% 10/2/2053	888	0.07
\$100,000	Interpublic of Cos 5.4% 1/10/2048	78	0.01
\$600,000	Intesa Sanpaolo 8.248% 21/11/2033	521	0.04
\$430,000	Invitation Homes Operating Partnership LP 2.7% 15/1/2034	265	0.02
\$200,000	Invitation Homes Operating Partnership LP 4.15% 15/4/2032	145	0.01
\$200,000	Jaguar Land Rover Automotive 5.875% 15/1/2028	140	0.01
\$745,000	JDE Peet's 1.375% 15/1/2027 <sup>o</sup>	523	0.04

Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$905,000	JPMorgan Chase 2.545% 8/11/2032	597	0.05	\$20,000	Mid-America Apartments LP 2.875% 15/9/2051	11	0.00
\$300,000	JPMorgan Chase 2.58% 22/4/2032	201	0.02	\$100,000	Mid-America Apartments LP 2.875% 15/9/2051	54	0.00
\$1,900,000	JPMorgan Chase 4.586% 26/4/2033	1,463	0.12	\$1,875,000	Morgan Stanley 1.593% 4/5/2027	1,368	0.11
\$350,000	JPMorgan Chase 5.717% 14/9/2033	286	0.02	\$800,000	Morgan Stanley 2.484% 16/9/2036	491	0.04
\$365,000	JPMorgan Chase & 2.963% 25/1/2033	247	0.02	\$400,000	Morgan Stanley 2.484% 16/9/2036	245	0.02
\$290,000	Keurig Dr Pepper 4.5% 15/4/2052	199	0.02	\$635,000	Morgan Stanley 5.123% 1/2/2029	515	0.04
\$635,000	Kilroy Realty LP 2.5% 15/11/2032	370	0.03	\$55,000	Motorola Solutions 2.75% 24/5/2031	36	0.00
\$170,000	Kimco Realty OP 4.6% 1/2/2033	129	0.01	\$325,000	Motorola Solutions 2.75% 24/5/2031	213	0.02
\$800,000	Kinder Morgan 5.2% 1/6/2033	628	0.05	\$300,000	Motorola Solutions 5.6% 1/6/2032	243	0.02
\$170,000	Kinder Morgan Energy Partners LP 5% 1/3/2043	119	0.01	\$700,000	MPLX LP 4% 15/3/2028	540	0.04
\$260,000	Kinder Morgan Energy Partners LP 6.5% 1/2/2037	216	0.02	\$460,000	MPLX LP 4.5% 15/4/2038	322	0.03
\$120,000	Kinder Morgan Energy Partners LP 6.55% 15/9/2040	99	0.01	\$312,000	MPLX LP 4.8% 15/2/2029	248	0.02
\$350,000	Kinder Morgan Energy Partners LP 6.95% 15/1/2038	308	0.02	\$190,000	MPLX LP 5% 1/3/2033	147	0.01
\$100,000	KLA 4.95% 15/7/2052	77	0.01	\$430,000	MPLX LP 5.65% 1/3/2053	325	0.03
\$310,000	Kraft Heinz Foods 7.125% 1/8/2039	282	0.02	\$155,000	National Retail Properties 3.5% 15/4/2051	88	0.01
\$285,000	L3Harris Technologies 2.9% 15/12/2029	202	0.02	\$200,000	Nationwide Building Society 2.972% 16/2/2028	148	0.01
\$256,000	L3Harris Technologies 4.4% 15/6/2028	203	0.02	\$334,000	Nationwide Building Society 4.302% 8/3/2029	254	0.02
\$65,000	Lear 5.25% 15/5/2049	44	0.00	\$1,700,000	NatWest 3.754% 1/11/2029	1,318	0.10
\$715,000	Leidos 2.3% 15/2/2031	462	0.04	\$63,000	NBCUniversal Media 4.45% 15/1/2043	45	0.00
\$150,000	Linde Inc/CT 1.1% 10/8/2030	95	0.01	\$200,000	Neptune Energy Bondco 6.625% 15/5/2025	161	0.01
\$500,000	Lloyds Banking 4.976% 11/8/2033	383	0.03	\$105,000	Newmont 2.25% 1/10/2030	70	0.01
\$1,145,000	Lowe's Cos 2.625% 1/4/2031	777	0.06	\$175,000	Newmont 2.25% 1/10/2030	116	0.01
\$1,485,000	Lowe's Cos 3.65% 5/4/2029	1,120	0.09	\$50,000	Newmont 4.875% 15/3/2042	38	0.00
\$400,000	Macquarie 1.935% 14/4/2028	282	0.02	\$1,930,000	NextEra Energy Capital 2.25% 1/6/2030	1,287	0.10
\$220,000	Marathon Oil 4.4% 15/7/2027	173	0.01	\$545,000	NextEra Energy Capital 6.051% 1/3/2025	454	0.04
\$500,000	Massachusetts Institute of Technology 3.067% 1/4/2052	310	0.02	\$351,000	NiSource 1.7% 15/2/2031	221	0.02
\$295,000	Merck & 2.9% 10/12/2061	155	0.01	\$840,000	Nissan Motor 3.043% 15/9/2023	683	0.05
\$120,000	Meta Platforms 4.45% 15/8/2052	82	0.01	\$200,000	Nissan Motor 4.345% 17/9/2027	150	0.01
\$400,000	Meta Platforms 4.45% 15/8/2052	272	0.02	\$1,537,000	Nissan Motor 4.81% 17/9/2030	1,099	0.09
\$655,000	Metropolitan Life Global Funding I 3.45% 18/12/2026	505	0.04	\$645,000	Norfolk Southern 2.55% 1/11/2029	449	0.04
\$320,000	Microsoft 3.95% 8/8/2056	225	0.02	\$355,000	Norfolk Southern 2.55% 1/11/2029	247	0.02
\$300,000	Mid-America Apartments LP 1.7% 15/2/2031	193	0.02	\$130,000	Norfolk Southern 3.05% 15/5/2050	70	0.01

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$600,000	Norfolk Southern 4.45% 1/3/2033	464	0.04
\$305,000	Nucor 3.95% 1/5/2028	238	0.02
\$60,000	NVIDIA 2.85% 1/4/2030	44	0.00
\$115,000	NVIDIA 3.5% 1/4/2040	78	0.01
\$600,000	NXP / NXP Funding / NXP USA 3.25% 30/11/2051 <sup>o</sup>	310	0.02
\$355,000	NXP / NXP Funding / NXP USA 3.4% 1/5/2030	252	0.02
\$230,000	NXP / NXP Funding / NXP USA 4.3% 18/6/2029	175	0.01
\$535,000	Ohio Power 1.625% 15/1/2031	340	0.03
\$300,000	Ohio Power 4% 1/6/2049	199	0.02
\$135,000	Ohio Power 5.85% 1/10/2035	111	0.01
\$200,000	Omnicom 2.6% 1/8/2031	135	0.01
\$50,000	Oncor Electric Delivery 4.55% 15/9/2032	40	0.00
\$405,000	Oncor Electric Delivery 5.3% 1/6/2042	335	0.03
\$515,000	ONE Gas 4.25% 1/9/2032	400	0.03
\$1,100,000	Oracle 3.65% 25/3/2041	669	0.05
\$95,000	Oracle 4% 15/7/2046	57	0.00
\$841,000	Oracle 4.125% 15/5/2045	521	0.04
\$225,000	Oracle 5.55% 6/2/2053	169	0.01
\$800,000	Oracle 6.9% 9/11/2052	710	0.06
\$85,000	Otis Worldwide 2.565% 15/2/2030	59	0.00
\$185,000	Otis Worldwide 2.565% 15/2/2030	129	0.01
\$115,000	Ovintiv 6.5% 15/8/2034	95	0.01
\$745,000	Parker-Hannifin 4.5% 15/9/2029	588	0.05
\$1,095,000	Penske Truck Leasing Lp / PTL Finance 1.2% 15/11/2025	801	0.06
\$185,000	Penske Truck Leasing Lp / PTL Finance 1.7% 15/6/2026	134	0.01
\$15,000	Penske Truck Leasing Lp / PTL Finance 4% 15/7/2025	12	0.00
\$160,000	Pernod Ricard International Finance 2.75% 1/10/2050	84	0.01
\$205,000	Phillips 66 3.15% 15/12/2029	147	0.01
\$245,000	Pioneer Natural Resources 1.9% 15/8/2030	158	0.01
\$55,000	Progressive 3.7% 15/3/2052	35	0.00
\$100,000	Prudential Financial 3.7% 13/3/2051	63	0.00
\$480,000	Prudential Financial 3.935% 7/12/2049	312	0.02
\$200,000	QUALCOMM 6% 20/5/2053	177	0.01
\$400,000	Raytheon Technologies 1.9% 1/9/2031	258	0.02

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$595,000	Raytheon Technologies 4.625% 16/11/2048	444	0.04
\$210,000	Raytheon Technologies 5.375% 27/2/2053	173	0.01
\$315,000	Realty Income 4.85% 15/3/2030	252	0.02
\$200,000	Rio Tinto Finance USA 4.125% 21/8/2042	143	0.01
\$61,000	Rogers Communications 4.55% 15/3/2052	40	0.00
\$272,000	Rogers Communications 4.55% 15/3/2052	178	0.01
\$100,000	Sabine Pass Liquefaction 4.5% 15/5/2030	77	0.01
\$130,000	Sabine Pass Liquefaction 5.875% 30/6/2026	108	0.01
\$370,000	Sabine Pass Liquefaction 5.9% 15/9/2037	305	0.02
\$395,000	Santander UK 2.469% 11/1/2028	286	0.02
\$300,000	Santander UK 4.75% 15/9/2025	238	0.02
\$464,000	Santander UK 5% 7/11/2023	381	0.03
\$1,250,000	Santander UK 6.833% 21/11/2026	1,051	0.08
\$314,000	Sempra Energy 6% 15/10/2039	260	0.02
\$280,000	Shell International Finance 6.375% 15/12/2038	255	0.02
\$850,000	Shimao 3.45% 11/1/2031	116	0.01
\$1,000,000	Societe Generale 1.488% 14/12/2026	731	0.06
\$1,300,000	Societe Generale 2.226% 21/1/2026	999	0.08
\$420,000	Societe Generale 4.25% 19/8/2026	327	0.03
\$650,000	Societe Generale 6.691% 10/1/2034	548	0.04
\$200,000	Societe Generale 7.875% Perpetual 18/6/2171	165	0.01
\$200,000	SoftBank 6% Perpetual 19/1/2172	160	0.01
\$22,000	Southern California Edison 3.65% 1/2/2050	13	0.00
\$20,000	Southern California Edison 3.65% 1/2/2050	12	0.00
\$335,000	Southern California Edison 4.125% 1/3/2048	219	0.02
\$340,000	Southern California Edison 5.7% 1/3/2053	279	0.02
\$320,000	Southern California Edison 5.95% 1/11/2032	275	0.02

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$410,000	Spectra Energy Partners LP 4.5% 15/3/2045	279	0.02
\$495,000	Standard Chartered 2.608% 12/1/2028	363	0.03
\$650,000	Standard Chartered 6.301% 9/1/2029	547	0.04
\$225,000	Steel Dynamics 3.25% 15/10/2050	124	0.01
\$200,000	Stellantis Finance US 1.711% 29/1/2027	143	0.01
\$470,000	Stellantis Finance US 6.375% 12/9/2032	395	0.03
\$350,000	Tampa Electric 2.4% 15/3/2031	234	0.02
\$1,375,000	Targa Resources 4.2% 1/2/2033	986	0.08
\$200,000	Targa Resources 4.2% 1/2/2033	143	0.01
\$155,000	Telefonica Emisiones 4.895% 6/3/2048	102	0.01
\$150,000	Telefonica Emisiones 5.213% 8/3/2047	103	0.01
\$700,000	Telefonica Emisiones 7.045% 20/6/2036	608	0.05
\$320,000	Telus 3.4% 13/5/2032	225	0.02
\$450,000	Telus 3.4% 13/5/2032	316	0.03
\$440,000	Thermo Fisher Scientific 4.95% 21/11/2032	362	0.03
\$240,000	T-Mobile USA 2.7% 15/3/2032	160	0.01
\$1,450,000	T-Mobile USA 2.875% 15/2/2031	994	0.08
\$700,000	T-Mobile USA 3.5% 15/4/2031	502	0.04
\$1,023,000	T-Mobile USA 3.875% 15/4/2030	765	0.06
\$977,000	T-Mobile USA 3.875% 15/4/2030	731	0.06
\$1,450,000	UBS 3.126% 13/8/2030	1,028	0.08
\$250,000	UBS 3.875% Perpetual 2/12/2171	174	0.01
\$590,000	UBS 4.988% 5/8/2033	455	0.04
\$1,860,000	UBS 5.125% 15/5/2024 <sup>0</sup>	1,523	0.12
\$350,000	UBS 5.959% 12/1/2034	289	0.02
\$200,000	UBS 7% Perpetual 31/7/2171	165	0.01
\$1,500,000	UniCredit 1.982% 3/6/2027	1,076	0.09
\$500,000	UniCredit 1.982% 3/6/2027 <sup>0</sup>	359	0.03
\$405,000	Unilever Capital 1.375% 14/9/2030	263	0.02
\$345,000	Union Pacific 2.891% 6/4/2036	223	0.02
\$240,000	Union Pacific 4.05% 15/11/2045	162	0.01

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$30,000	Union Pacific 4.3% 1/3/2049	21	0.00
\$370,000	Union Pacific 4.375% 10/9/2038	270	0.02
\$550,000	Union Pacific 4.5% 20/1/2033	437	0.03
\$603,627	United Airlines 2020-1 Class A Pass Through Trust 5.875% 15/4/2029	495	0.04
\$130,230	United Airlines 2020-1 Class B Pass Through Trust 4.875% 15/7/2027	104	0.01
\$75,000	United Parcel Service 3.4% 1/9/2049	48	0.00
\$171,000	UnitedHealth 2.9% 15/5/2050	95	0.01
\$129,000	UnitedHealth 2.9% 15/5/2050	72	0.01
\$250,000	UnitedHealth 3.875% 15/8/2059	161	0.01
\$250,000	UnitedHealth 4.75% 15/7/2045	192	0.02
\$600,000	UnitedHealth 5.35% 15/2/2033	507	0.04
\$200,000	UPC Broadband Finco 4.875% 15/7/2031	139	0.01
\$221,028	US Airways 2013-1 Class A Pass Through Trust 3.95% 15/5/2027	173	0.01
\$500,000	Verizon Communications 2.355% 15/3/2032	324	0.03
\$1,620,000	Verizon Communications 2.55% 21/3/2031	1,092	0.09
\$1,080,000	Verizon Communications 4.272% 15/1/2036	785	0.06
\$750,000	Viatrix 1.65% 22/6/2025	563	0.04
\$455,000	VICI Properties LP 5.125% 15/5/2032	349	0.03
\$200,000	Vigorous Champion International 4.25% 28/5/2029	147	0.01
\$310,000	Virginia Electric and Power 4.2% 15/5/2045	208	0.02
\$55,000	Visa 4.3% 14/12/2045	41	0.00
\$700,000	Viterra Finance 4.9% 21/4/2027	545	0.04
\$930,000	VMware 2.2% 15/8/2031	582	0.05
\$570,000	Volkswagen of America Finance 3.35% 13/5/2025	452	0.04
\$1,000,000	Volkswagen of America Finance 3.75% 13/5/2030 <sup>0</sup>	740	0.06
\$315,000	Walt Disney 3.8% 22/3/2030	242	0.02
\$400,000	Walt Disney 4.95% 15/10/2045	309	0.02
\$95,000	Waste Management 2.5% 15/11/2050	49	0.00

# Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
\$200,000	Wells Fargo & 3.35% 2/3/2033	140	0.01
\$800,000	Wells Fargo & 4.611% 25/4/2053	568	0.05
\$100,000	Wells Fargo & 4.75% 7/12/2046	71	0.01
\$200,000	Wells Fargo & 5.013% 4/4/2051	151	0.01
\$520,000	Welltower OP 2.05% 15/1/2029	351	0.03
\$550,000	Williams Cos 4.65% 15/8/2032	422	0.03
\$37,000	Williams Cos 6.3% 15/4/2040	31	0.00
\$390,000	Wisconsin Power and Light 3.95% 1/9/2032	293	0.02
\$194,000	WPP Finance 2010 3.75% 19/9/2024	155	0.01
\$945,000	WRKCo 3% 15/6/2033	628	0.05
\$751,000	Wyeth 5.95% 1/4/2037	663	0.05
\$1,200,000	Zurich Finance Ireland Designated Activity 3.5% 2/5/2052	783	0.06
		<b>146,626</b>	<b>11.69</b>

## US Dollar Denominated Government Bonds – 0.02%; 28.2.2022 0.00%

\$200,000	Saudi Government International Bond 4.875% 18/7/2033	163	0.01
\$200,000	Saudi Government International Bond 5% 18/1/2053	151	0.01
		<b>314</b>	<b>0.02</b>

## COLLECTIVE INVESTMENT

### SCHEMES – 32.70%; 28.2.2022 42.03%

#### Equity Funds – 12.97%; 28.2.2022 13.07%

2,840,785	BlackRock Global Fund - Emerging Markets Equity Income Fund†	39,506	3.15
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Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
59,783,959	Blackstone Loan Financing	39,325	3.14
19,683,468	Bluefield Solar Income Fund	26,966	2.15
24,542,933	Foresight Solar Fund	28,175	2.25
11,006,337	Schiehallion Fund	4,186	0.33
133,197	Schroder ISF Frontier Markets Equity	24,468	1.95
		<b>162,626</b>	<b>12.97</b>
<b>Exchange Traded Funds – 5.21%; 28.2.2022 4.93%</b>			
647,973	iShares GBP Ultrashort Bond UCITS ETF†	<b>65,400</b>	<b>5.21</b>
<b>Investment Trusts – 4.05%; 28.2.2022 4.54%</b>			
5,336,749	BlackRock Frontiers Investment Trust†	7,445	0.60
1,298,885	BlackRock Smaller Cos Trust†	17,820	1.42
15,994,819	Schroder UK Public Private	2,163	0.17
3,292,391	Scottish Mortgage Investment Trust	23,343	1.86
		<b>50,771</b>	<b>4.05</b>
<b>Property Funds – 0.64%; 28.2.2022 0.54%</b>			
8,779,516	Starwood European Real Estate Finance	<b>8,007</b>	<b>0.64</b>
<b>Short-term Money Market Funds – 9.83%; 28.2.2022 18.95%</b>			
166,305	BlackRock ICS Euro Liquid Environmentally Aware Fund†	14,413	1.15
963,963	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class†	96,385	7.69
150,659	BlackRock ICS US Dollar Liquid Environmentally Aware Fund Agency Income Class†	12,460	0.99
		<b>123,258</b>	<b>9.83</b>

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
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## DERIVATIVES – (0.51%); 28.2.2022 0.06%

### Credit Default Swaps – 0.03%; 28.2.2022 0.02%

900,000	Bank of America Merrill Lynch (Deutsche Bank) 1% 20/12/2027	748	41	0.00
640,000	Bank of America Merrill Lynch (Imperial Brands) (0.04)% 20/12/2027	531	4	0.00
281,000	Bank of America Merrill Lynch (Ses) 1% 20/12/2027	209	3	0.00
(181,000)	Barclays (Casino Guichard Perrachon) 0.01% 20/6/2023	158	(9)	0.00
(100,000)	Barclays (Casino Guichard Perrachon) 0.01% 20/12/2023	88	(15)	0.00
2,460,000	Barclays (Heineken) (0.16)% 20/12/2027	2,065	(69)	0.00

# Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
1,220,000	Barclays (Intesa Sanpaolo) (0.08)% 20/12/2027	1,018	51	0.00
139,000	Barclays (Solvay) 1% 20/12/2027	116	(1)	0.00
(200,000)	Barclays (Telecom Italia) 5% 20/12/2024	175	12	0.00
380,000	Barclays (UniCredit) (0.03)% 20/12/2027	317	16	0.00
(150,000)	BNP Paribas (Saipem S.p.A) 0% 20/6/2027	–	5	0.00
(100,000)	BNP Paribas (ThyssenKrupp) 1% 20/6/2023	88	–	0.00
(130,000)	Citibank (Novafives) 0.01% 20/6/2027	114	(16)	0.00
849,000	Deutsche Bank (Ses) 1% 20/12/2027	632	8	0.00
980,000	Goldman Sachs (Akzo Nobel) (0.07)% 20/12/2027	835	(8)	0.00
2,090,000	Goldman Sachs (BMW) 1% 20/12/2027	1,762	(34)	0.00
669,666	Goldman Sachs (Carrefour) (0.04)% 20/12/2027	553	(4)	0.00
(170,000)	Goldman Sachs (CMA CGM) 0.01% 20/6/2027	154	15	0.00
850,000	Goldman Sachs (Commerzbank) (0.06)% 20/12/2027	745	(1)	0.00
118,854	Goldman Sachs (HSBC Bank) (0.01)% 20/12/2027	104	–	0.00
283,646	Goldman Sachs (HSBC Bank) 1% 20/12/2027	247	1	0.00
592,245	Goldman Sachs (Imperial Brands) (0.04)% 20/12/2027	491	4	0.00
1,690,000	Goldman Sachs (Lloyds) 1% 20/6/2027	1,456	(22)	0.00
810,000	Goldman Sachs (Next) (0.06)% 20/12/2027	741	14	0.00
1,000,000	Goldman Sachs (Standard Chartered) (0.07)% 20/12/2027	822	9	0.00
350,000	Goldman Sachs (Standard Chartered) (0.02)% 20/12/2027	288	3	0.00
(1,430,000)	JP Morgan Chase Bank (Anglo American Capital) 0.1% 20/12/2027	1,253	189	0.02
1,350,000	JP Morgan Chase Bank (Barclays) (0.09)% 20/12/2027	1,088	30	0.00
850,000	JP Morgan Chase Bank (BNP Paribas) (0.06)% 20/12/2027	740	5	0.00
877,755	JP Morgan Chase Bank (Imperial Brands) (0.06)% 20/12/2027	728	5	0.00
1,200,000	JP Morgan Chase Bank (Intesa Sanpaolo) (0.08)% 20/12/2027	1,001	50	0.00
(215,000)	JP Morgan Chase Bank (ITV) 0.01% 20/12/2027	188	28	0.00
(287,000)	JP Morgan Chase Bank (ITV) 0.02% 20/12/2027	251	38	0.00
(575,000)	JP Morgan Chase Bank (ITV) 0.04% 20/12/2027	504	76	0.01
1,090,000	JP Morgan Chase Bank (Sherwin-Williams) (0.08)% 20/12/2027	951	(4)	0.00
(550,000)	Morgan Stanley (Marks & Spencer) 0.04% 20/12/2027	482	(33)	0.00
1,000,000	Morgan Stanley (Anheuser-Busch Inbev) (0.06)% 20/12/2027	794	(14)	0.00
(1,050,000)	Morgan Stanley (Energias de Portugal) 1% 20/3/2023	920	2	0.00
297,500	Morgan Stanley (HSBC Bank) (0.02)% 20/12/2027	259	1	0.00
810,000	Morgan Stanley (Next) (0.06)% 20/12/2027	741	14	0.00
278,000	Morgan Stanley (Solvay) (0.02)% 20/12/2027	232	(3)	0.00
417,000	Morgan Stanley (Solvay) 1% 20/12/2027	348	(4)	0.00
(943,000)	Morgan Stanley (Telefonica) 0.07% 20/12/2027	826	2	0.00
(1,157,000)	Morgan Stanley (Telefonica) 0.08% 20/12/2027	1,013	3	0.00
(200,000)	Morgan Stanley (United) 0.01% 20/12/2027	175	(22)	0.00
1,350,000	Morgan Stanley (Whirlpool) (0.08)% 20/12/2027	1,067	15	0.00
		<b>28,018</b>	<b>385</b>	<b>0.03</b>
<b>Forward Currency Contracts – 0.01%; 28.2.2022 (0.40%)</b>				
€11,070,000	Euro vs UK sterling	9,722	(41)	0.00
€38,000,000	Euro vs US dollar	67,396	(606)	(0.05)
¥2,324,939,166	Japanese yen vs US dollar	28,986	(711)	(0.06)
£1,577,386	UK sterling vs Australian dollar	1,547	30	0.00
£5,863,247	UK sterling vs Canadian dollar	5,850	13	0.00
£378,706,808	UK sterling vs Euro	375,971	2,735	0.22
£175,000	UK sterling vs Japanese yen	171	4	0.00
£212,276	UK sterling vs Swiss franc	212	1	0.00

# Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
£610,184,021	UK sterling vs US dollar	614,974	(4,788)	(0.38)
US\$31,000,001	US dollar vs Japanese yen	49,840	1,375	0.11
US\$30,589,914	US dollar vs South Korean won	49,406	1,132	0.09
US\$84,945,000	US dollar vs Taiwan dollar	139,335	1,003	0.08
US\$310,000	US dollar vs UK sterling	256	(2)	0.00
		<b>1,343,666</b>	<b>145</b>	<b>0.01</b>
<b>Futures – (0.70%); 28.2.2022 0.77%</b>				
(4)	Australia 10 Year Bond March 2023	214	7	0.00
20	Australia 3 Year Bond March 2023	1,072	(19)	0.00
58	Canada 10 Year Bond June 2023	4,277	(15)	0.00
(1,470)	Euro Stoxx 50 March 2023	54,935	(4,166)	(0.33)
8	Euro-Bobl March 2023	807	(7)	0.00
(43)	Euro-Bund March 2023	5,005	163	0.01
1	Euro-Buxl March 2023	117	(5)	0.00
68	Euro-Schatz March 2023	6,261	(17)	0.00
(1,041)	FTSE 100 Index March 2023	82,229	(4,406)	(0.35)
(41)	Japan 10 Year Bond (OSE) June 2023	36,036	(56)	0.00
(106)	Long Gilt June 2023	10,563	140	0.01
696	US 10 Year Note (CBT) June 2023	64,697	(270)	(0.02)
(306)	US 10 Year Ultra June 2023	29,565	160	0.01
165	US 2 Year Note (CBT) June 2023	27,787	(40)	0.00
254	US 5 Year Note (CBT) June 2023	22,464	(79)	(0.01)
71	US Long Bond (CBT) June 2023	7,323	(84)	(0.01)
65	US Ultra Bond (CBT) June 2023	7,218	(101)	(0.01)
		<b>360,570</b>	<b>(8,795)</b>	<b>(0.70)</b>
<b>Inflation Swaps – (0.12%); 28.2.2022 (0.01%)</b>				
6,455,682	Goldman Sachs (Euro) 2.535% vs Variable 16/4/2052	5,042	(606)	(0.05)
2,198,000	Goldman Sachs (Euro) 2.58% vs Variable 16/3/2052	1,728	(185)	(0.02)
3,640,000	Morgan Stanley (Euro) 2.6835% vs Variable 16/10/2032	3,145	(39)	0.00
3,640,000	Morgan Stanley (Euro) 3% vs Variable 16/10/2027	3,162	23	0.00
8,658,497	UBS (Euro) 2.585% vs Variable 16/4/2052	6,895	(678)	(0.05)
		<b>19,972</b>	<b>(1,485)</b>	<b>(0.12)</b>
<b>Interest Rate Swaps – (0.02%); 28.2.2022 0.00%</b>				
630,000	Bank of America Merrill Lynch (Swiss Franc) (0.268)% vs Variable 25/11/2026	512	(44)	0.00
320,000	Bank of America Merrill Lynch (Swiss Franc) 0.072% vs Variable 25/11/2031	239	(43)	0.00
12,000,000	Bank of America Merrill Lynch (UK sterling) 3.9668% vs Variable 13/2/2026	11,870	(137)	(0.01)
5,240,000	Morgan Stanley (Euro) 2.1765% vs Variable 6/2/2027	4,531	(61)	(0.01)
5,230,000	Morgan Stanley (Euro) 2.41072% vs Variable 6/2/2027	4,541	(41)	0.00
5,850,000	Morgan Stanley (US Dollar) 2.2155% vs Variable 6/2/2027	4,765	71	0.00
5,850,000	Morgan Stanley (US Dollar) 2.28375% vs Variable 6/2/2027	4,770	65	0.00
		<b>31,228</b>	<b>(190)</b>	<b>(0.02)</b>
<b>Options – 0.07%; 28.2.2022 0.01%</b>				
(1,659)	Euro STOXX 50 Put Option 19/5/2023 3800	9,790	(535)	(0.04)
1,659	Euro STOXX 50 Put Option 19/5/2023 4100	23,205	1,353	0.11
		<b>32,995</b>	<b>818</b>	<b>0.07</b>



# Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
<b>Swaptions – 0.00%; 28.2.2022 0.00%</b>				
(10,600,000)	Barclays Bank (Sell Year Right to Pay 19/4/2023 94)	788	(14)	0.00
10,600,000	Barclays Bank (Buy Year Right to Pay 19/4/2023 100)	3,718	77	0.00
(10,600,000)	Barclays Bank (Sell Year Right to Pay 19/4/2023 98)	2,161	(41)	0.00
7,358,737	Barclays Bank (Buy Right to Pay 19/4/2023 82.5)	3,377	16	0.00
(25,180,000)	Goldman Sachs International (Sell Right to Pay 19/7/2023 110)	5,996	(38)	0.00
25,180,000	Goldman Sachs International (Buy Right to Pay 19/7/2023 80)	12,638	92	0.01
(25,180,000)	Goldman Sachs International (Sell Right to Pay 19/7/2023 100)	7,606	(50)	(0.01)
		<b>36,284</b>	<b>42</b>	<b>0.00</b>
<b>Total Return Swaps – 0.22%; 28.2.2022 (0.33%)</b>				
171,169	Barclays Bank (Volatility Carry Strategy Index) 20/11/2023	20,459	(47)	0.00
17,488	Citibank (Global Brands Basket Index) 4/9/2023	42,664	4,442	0.35
2,402	Citibank (S&P Biotech Select TR Index ) 14/12/2023	12,728	(288)	(0.02)
327,694	Goldman Sachs International (GS LCTR Agriculture Basket Index) 12/4/2023	23,258	123	0.01
171,963	Goldman Sachs International (GS US Non Profit Tech GTR Index) 14/2/2024	18,624	877	0.07
25,590	HSBC (Transition Leader Long Basket Index ) 14/12/2023	2,532	150	0.01
153,538	HSBC (Transition Leader Long Basket Index ) 14/12/2023	15,189	601	0.05
77,213	HSBC (Transition Leader Long Basket Index ) 14/12/2023	7,639	132	0.01
109,670	HSBC (Transition Leader Short Basket Index) 14/12/2023	10,938	(1,364)	(0.11)
27,417	HSBC (Transition Leader Short Basket Index) 14/12/2023	2,735	(427)	(0.03)
81,980	HSBC (Transition Leader Short Basket Index) 14/12/2023	8,177	(1,032)	(0.08)
457,886	JP Morgan Chase Bank (USD Rates Volatility Strategy Index) 22/2/2024	37,808	(14)	0.00
12,616	Morgan Stanley International (MSVCDRSE) 24/7/2023	5,692	178	0.01
1,938,493	UBS (Aquantum Scarcity Premium Commodity Index) 10/8/2023	26,984	(584)	(0.05)
		<b>235,427</b>	<b>2,747</b>	<b>0.22</b>
<b>Portfolio of investments</b>			<b>1,029,276</b>	<b>82.06</b>
Net other assets			225,045	17.94
<b>Total net assets</b>			<b>1,254,321</b>	<b>100.00</b>

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 counterparties to the forward currency contracts are Bank of America Merrill Lynch, Barclays Bank Plc, Citigroup Global Markets Limited, Deutsche Bank AG, Goldman Sachs International, HSBC Bank Plc, J.P. Morgan Securities Plc, Morgan Stanley & Co. International Plc, Royal Bank of Canada, Royal Bank of Scotland Plc, Standard Chartered Bank, State Street Global Advisors Limited and UBS AG.

The total return swaps ("TRS") shown in the portfolio statement starting on page 40 are expressed at both their mark-to-market and original notional value, which when added together represent the current notional value of the TRS. The current notional value of a TRS represents the reference amount used to calculate payments between the counterparties to the TRS. The full notional value represents the economic interest in the security underlying the TRS, but does not change hands in full between the counterparties.

<sup>1</sup> Fair valued by the Manager

<sup>2</sup> Security fair valued by Manager at zero.

<sup>0</sup> All or a portion of this investment represents a security on loan, see note 2(b) vi) for further details.

<sup>†</sup> Managed by a related party.

# 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 losses	3		(71,655)		(11,127)
Revenue	4	39,133		38,431	
Expenses	5	(8,422)		(12,941)	
Interest payable and similar charges	6	(1,171)		(1,824)	
Net revenue before taxation		29,540		23,666	
Taxation	7	(483)		(104)	
Net revenue after taxation			29,057		23,562
Total return before distributions			(42,598)		12,435
Distributions	8		(28,495)		(23,210)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(71,093)</b>		<b>(10,775)</b>

# 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
<b>Opening net assets attributable to unitholders</b>		1,512,724		2,116,967
Amounts receivable on issue of units	89,793		205,123	
Amounts payable on cancellation of units	(303,959)		(819,051)	
		(214,166)		(613,928)
Change in net assets attributable to unitholders from investment activities		(71,093)		(10,775)
Retained distribution on accumulation units		26,856		20,460
<b>Closing net assets attributable to unitholders</b>		<b>1,254,321</b>		<b>1,512,724</b>

# Balance Sheet

at 28 February 2023

	Notes	28.2.2023 £000's	28.2.2022 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		1,051,216	1,402,927
Current assets			
– Debtors	9	11,961	25,606
– Cash and bank balances	10	227,234	126,867
– Cash collateral posted		–	303
<b>Total assets</b>		<b>1,290,411</b>	<b>1,555,703</b>
<b>Liabilities:</b>			
Investment liabilities		(21,940)	(22,381)
Creditors			
– Amounts held at futures clearing houses and brokers		(140)	(8,378)
– Distributions payable		(202)	(141)
– Other creditors	11	(13,808)	(12,079)
<b>Total liabilities</b>		<b>(36,090)</b>	<b>(42,979)</b>
<b>Net assets attributable to unitholders</b>		<b>1,254,321</b>	<b>1,512,724</b>

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.

US REIT dividend revenue is accounted for partly as revenue and partly as capital, depending on the underlying REIT distribution. All REIT dividend revenue is recognised on an accruals basis.

Revenue from fixed interest securities is recognised on an effective interest rate basis.

Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund.

All distributions from Collective Investment Schemes ("CIS") are recognised when the securities are quoted ex-dividend. All distributions from holdings in CIS are treated as revenue with the exception of the equalisation element, which is treated as capital.

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.

Returns from bond futures are streamed into revenue and capital components.

Returns from total return swaps in the form of dividends or interest received from the underlying security or index are recognised as revenue. Capital gains on the underlying security or index are treated as capital.

The Fund receives Manager's charge rebates from BlackRock related investments in the normal course of business. These are recognised on an accruals basis and are treated as revenue, unless it is the policy of the underlying fund to charge its fees to capital, in which case these rebates will be recognised as capital.

- (c) Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the date they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is taken to capital.

- (d) 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.
- (e) 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.
- (f) All expenses, except those relating to the purchase and sale of investments are charged against revenue. All expenses are recognised on an accruals basis.
- (g) 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.
- (h) 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. The fair value of exchange traded and over the counter derivatives represents the price that would be required to close out the contracts at the Balance Sheet date. Amounts due to and from an individual counterparty which falls under a legally enforceable master netting agreement are netted.

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.

- (i) 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.
- (j) 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 losses' in the Statement of Total Return.

Revenue from over the counter derivatives is received in the form of premiums received on written options. Such premiums are recognised as revenue on a straight line basis over the period of the contract, with the balance recognised as capital. If the contract is sold or closed out, the unamortised portion of the premium remains in capital.

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

## **Distribution Policies**

- (l) The ordinary element of stock dividends is treated as revenue and forms part of the distribution.
- (m) Special dividends and share buy backs recognised as revenue form part of the distribution.
- (n) Returns from bond futures recognised as revenue from long positions form part of the distribution. Amounts recognised as revenue from short positions reduce the amounts available for distribution.

## **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.

### **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, corporate bonds, government bonds, credit default swaps, interest rate swaps, futures contracts, total return swaps, options, swaptions 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 0.67% and 1.02% 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.

The other price risk inherent in holdings in CIS is monitored by the Investment Manager by understanding the investment objectives of the underlying funds as well as their internal control policies and regular risk and performance reporting.

## **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, amounts held at futures clearing houses and brokers, cash equivalent holdings and its investments in fixed and floating rate interest bearing securities where the value of these securities may fluctuate as a result of a change in interest rates. 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.

The Fund also has indirect exposure to interest rate risk through its investments into CIS, whereby the value of the underlying asset may fluctuate as a result of a change in interest rates and through its investment in futures contracts, whereby the value of an underlying fund may fluctuate as a result of a change in interest rates through their investments in interest-bearing securities.

### **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 they trade and will bear the risk of settlement default.

### **Management of counterparty credit risk**

Counterparty 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) Exchange Traded Financial Derivative Instruments**

The Fund's holdings in futures contracts expose the Fund to counterparty credit risk.

### **Management of counterparty credit risk related to futures contracts**

The exposure is limited by trading the contracts through a clearing house. The Fund's exposure to counterparty credit risk on contracts in which it currently has a gain position is reduced by such gains received in cash from the counterparty under the daily mark-to market mechanism on exchange traded futures contracts (variation margin). The Fund's exposure to credit risk on contracts in which it currently has a loss position is equal to the amount of margin posted to the counterparty which has not been transferred to the exchange under the daily mark-to-market mechanism. The counterparty for futures contracts is Goldman Sachs International.

The market value of the exchange traded derivatives held by the Fund is shown in the portfolio statement.

Margin is paid or received on futures to cover any exposure by the counterparty or the Fund to each other. Margin receivable from the Fund's clearing brokers and various counterparties is included in "Cash and bank balances" on the Balance Sheet. Margin payable to the Fund's clearing brokers and various counterparties is included in "Amounts held at futures clearing houses and brokers" on the Balance Sheet.

Counterparty exposure has not been disclosed for exchange traded derivatives as the exchange requirements in respect of collateral mean that, in the opinion of the Manager, the counterparty risk is mitigated.

## **ii) 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

# Notes to Financial Statements continued

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 A- (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	Credit Default Swaps £000's	Forwards £000's	Inflation Swaps £000's	Interest Rate Swaps £000's	Swaptions £000's	Total Return Swaps £000's	Total Exposure £000's
Bank of America Merrill Lynch	48	(1,954)	–	(224)	–	–	(2,130)
Barclays Bank Plc	(15)	560	–	–	38	(47)	536
BNP Paribas Arbitrage SNC	5	–	–	–	–	–	5
Citigroup Global Markets Limited	(16)	194	–	–	–	4,154	4,332
Deutsche Bank AG	8	5	–	–	–	–	13
Goldman Sachs International	(23)	2,138	(791)	–	4	1,000	2,328
HSBC Bank Plc	–	1,132	–	–	–	(1,940)	(808)
J.P. Morgan Securities Plc	417	876	–	–	–	(14)	1,279
Morgan Stanley & Co. International Plc	(39)	(3,228)	(16)	34	–	178	(3,071)
Royal Bank of Canada	–	26	–	–	–	–	26
Royal Bank of Scotland Plc	–	(20)	–	–	–	–	(20)
Standard Chartered Bank	–	46	–	–	–	–	46
State Street Global Advisors Limited	–	8	–	–	–	–	8
UBS AG	–	362	(678)	–	–	(584)	(900)

# Notes to Financial Statements continued

28 February 2022

Counterparty	Credit Default Swaps £000's	Forwards £000's	Inflation Swaps £000's	Interest Rate Swaps £000's	OTC Options £000's	Total Return Swaps £000's	Total Exposure £000's
Bank of America Merrill Lynch	(34)	(4)	(115)	(20)	–	(1,964)	<b>(2,137)</b>
Bank of New York Mellon International	–	(2)	–	–	–	–	<b>(2)</b>
Barclays Bank Plc	70	(29)	–	–	–	(33)	<b>8</b>
BNP Paribas Arbitrage SNC	–	(5)	–	–	168	–	<b>163</b>
Citigroup Global Markets Limited	–	23	–	–	–	(2,926)	<b>(2,903)</b>
Deutsche Bank AG	(1)	4	–	–	–	–	<b>3</b>
Goldman Sachs International	235	692	–	–	–	(26)	<b>901</b>
HSBC Bank Plc	–	(87)	–	–	–	–	<b>(87)</b>
J.P. Morgan Securities Plc	(17)	–	–	–	–	–	<b>(17)</b>
Morgan Stanley & Co. International Plc	72	(8,674)	–	(22)	–	–	<b>(8,624)</b>
Standard Chartered Bank	–	1,619	–	–	–	–	<b>1,619</b>
UBS AG	–	311	–	–	–	–	<b>311</b>

## iii) 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).

## iv) 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.

## v) Debt securities

Issuer credit risk is the default risk of one of the issuers of any securities held by the Fund.

Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a higher credit risk have a greater possibility of default than more highly rated securities. The Fund invests into sovereign debt which exposes the Fund to the risk that the issuer of the bonds may default on interest or principal payments.

### Management of counterparty credit risk related to debt securities

To manage this risk the Investment Manager invests in a wide range of securities, subject to the investment objective of the Fund and monitors the credit ratings of the investments as disclosed in the portfolio statement. The ratings of the debt securities are continually monitored by the BlackRock Portfolio Management Group.

The following tables detail the credit rating profile of the debt securities held by the Fund as a percentage of the NAV as at the Balance Sheet date:

28 February 2023

Investment grade %	Non-investment grade %	Not rated %	Total %
19.94	4.81	0.51	25.26

28 February 2022

Investment grade %	Non-investment grade %	Not rated %	Total %
17.91	4.98	0.50	23.39

## vi) 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

## Notes to Financial Statements continued

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		28 February 2022	
		Securities on loan £000's	Collateral received £000's	Securities on loan £000's	Collateral received £000's
Barclays Bank Plc	UK	3,296	3,448	2,726	2,844
Barclays Capital Securities Limited	UK	631	728	2,441	2,709
BNP Paribas Arbitrage SNC	France	3,013	3,319	1,657	1,780
Citigroup Global Markets Limited	UK	6,006	6,881	1,127	1,229
Credit Suisse International	UK	752	781	1,210	1,261
Deutsche Bank AG (Euroclear)	Germany	842	958	445	474
Goldman Sachs International	UK	5,265	5,515	4,510	4,846
HSBC Bank Plc	UK	4,748	5,275	715	785
J.P. Morgan Securities Plc	UK	1,343	1,583	3,575	4,076
J.P. Morgan Securities Plc (Euroclear)	UK	795	829	562	584
Merrill Lynch International	UK	482	502	992	1,105
Morgan Stanley & Co. International Plc	UK	639	670	1,587	1,692
Nomura International Plc	UK	2,081	2,177	129	135
RBC Europe Limited (Euroclear)	UK	139	145	–	–
Société Générale SA	France	1,406	1,589	3,024	3,353
The Bank of Nova Scotia	Canada	–	–	518	570
UBS AG	Switzerland	4,995	5,518	8,168	9,264
<b>Total</b>		<b>36,433</b>	<b>39,918</b>	<b>33,386</b>	<b>36,707</b>

At 28 February 2023, collateral received from these borrowing counterparties comprised of 48.89% in debt securities, 50.65% in equity securities and 0.46% in cash (28 February 2022: 46.25% in debt securities and 53.75% 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, equity securities and exchange traded funds 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.

## vii) 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.

### Management of counterparty credit risk related to collateral

The Fund uses inbound collateral received from a counterparty to reduce the credit risk associated with any trading activity the Fund has engaged in.

Cash collateral posted by the Fund is separately identified on the Balance Sheet as cash collateral posted and is not included as a component of cash and cash equivalents. Cash collateral received by the Fund is reflected on the Balance Sheet as cash collateral payable.

As at 28 February 2023 collateral received by the Fund in respect of OTC FDIs was £Nil. Collateral posted by the Fund in respect of OTC FDIs was £Nil.

As at 28 February 2022 collateral received by the Fund in respect of OTC FDIs was £Nil. Collateral posted by the Fund in respect of OTC FDIs was £303,000 in the form of cash.

## (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 is also exposed to the liquidity risk of daily margin calls on derivatives.

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.

### 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.

## Notes to Financial Statements continued

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
<b>28 February 2023</b>				
Investment assets	426,957	624,259	— <sup>1</sup>	1,051,216
Investment liabilities	(9,943)	(11,997)	—	(21,940)
<b>28 February 2022</b>				
Investment assets	546,031	856,896	— <sup>2</sup>	1,402,927
Investment liabilities	(8,073)	(14,308)	—	(22,381)

<sup>1</sup> Includes securities fair valued by the Manager. These securities are identified on the Fund's Portfolio Statement.

<sup>2</sup> Illiquid investments fair valued by the Manager are identified on the Portfolio Statement.

### (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 the Absolute VaR methodology to measure the Fund's global exposure. For Absolute VaR, the monthly VaR will not exceed 20% of the Fund's NAV. Where a VaR calculation is performed using a horizon other than the one month regulatory limit, this 20% limit will be rescaled to reflect the appropriate risk horizon period as directed by the relevant regulatory guidelines. Utilisation refers to the level of risk taken in this context.

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

The tables below detail the highest, lowest and average utilisation of the VaR limit, expressed as a percentage of the respective relative VaR regulatory limit.

#### 28 February 2023

Highest utilisation of the VaR limit	Lowest utilisation of the VaR limit	Average utilisation of the VaR limit
27.13%	14.83%	20.92%

#### 28 February 2022

Highest utilisation of the VaR limit	Lowest utilisation of the VaR limit	Average utilisation of the VaR limit
25.35%	13.44%	18.70%

### (f) Leverage

The use of derivatives may expose the Fund to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase a fund's volatility.



## Notes to Financial Statements continued

The leverage is calculated on a gross exposure basis, by taking the sum of the notional values of the derivatives used by the Fund, without netting, and is expressed as a percentage of the NAV.

The average level of leverage employed by the Fund during the year was 183.58% (28 February 2022: 159.02%).

### 3. Net Capital Losses

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
The net capital losses comprise:		
Gains on non-derivative securities	5,521	23,876
Losses on derivative securities	(68,343)	(28,040)
Currency losses	(8,990)	(7,059)
Manager's charge rebates	143	179
Custodian transaction costs	(57)	(83)
US REIT dividends	71	–
<b>Net capital losses</b>	<b>(71,655)</b>	<b>(11,127)</b>

### 4. Revenue

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Equity distributions on CIS holdings	913	832
Interest from overseas fixed interest securities	11,534	12,289
Interest from UK bank deposits	1,332	23
Interest from UK fixed interest securities	1,081	1,579
Interest on balances held at futures clearing houses and brokers	250	–
Manager's charge rebates	177	412
Overseas dividends	16,941	18,093
Overseas REIT dividends	3	6
Returns from bond futures	1,246	722
Revenue from short-term money market funds	2,372	255
Financing receipts from total return swaps	18	143
Securities lending revenue	131	106
Stock dividends	5	14
UK dividends	3,068	3,861
UK REIT dividends	2	35
US REIT dividends	60	61
<b>Total revenue</b>	<b>39,133</b>	<b>38,431</b>

## 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	7,939	12,218
– Annual service charge	263	445
	8,202	12,663
Other expenses:		
– Audit fee	9	9
– Legal and other professional fees	13	10
– Safe custody fees	57	50
– Trustee's fees	141	209
	220	278
<b>Total expenses</b>	<b>8,422</b>	<b>12,941</b>

## 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	83	170
Interest paid on margin deposits	–	7
Returns from total return swaps	600	600
Returns from short position bond futures	488	964
Interest on collateral	–	83
<b>Total interest payable and similar charges</b>	<b>1,171</b>	<b>1,824</b>

## 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
Corporation tax	507	–
Overseas tax	566	492
<b>Current tax charge</b>	<b>1,073</b>	<b>492</b>
Deferred tax credit [see note(c)]	(590)	(388)
<b>Total tax charge [see note 7(b)]</b>	<b>483</b>	<b>104</b>

# Notes to Financial Statements continued

## 7. Taxation continued

### (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	29,540	23,666
Corporation tax at 20% (28 February 2022: 20%)	5,908	4,733
Effects of:		
Capitalised income subject to tax	28	36
Movement in unrecognised excess management expenses	(2,096)	(1,021)
Non taxable revenue	1	–
Overseas tax	565	492
Prior year adjustment to excess management expenses	1	–
Relief on overseas tax expensed	(5)	(5)
Revenue not subject to tax	(3,919)	(4,131)
<b>Total tax charge [see note 7(a)]</b>	<b>483</b>	<b>104</b>

At 28 February 2023, the Fund had surplus management expenses of £6,111,000 (28 February 2022: £13,643,000.) 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 £1,222,000 (28 February 2022: £2,729,000) has not been recognised.

### (c) Deferred tax

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Opening deferred tax balance	633	245
Deferred tax movement [see Note 7(a)]	590	388
<b>Closing deferred tax balance</b>	<b>1,223</b>	<b>633</b>

## 8. Distributions

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Final distribution	27,057	20,601
	27,057	20,601
Add: Amounts deducted on cancellation of units	2,269	3,867
Less: Amounts received on issue of units	(831)	(1,258)
<b>Distributions</b>	<b>28,495</b>	<b>23,210</b>
The distributable amount has been calculated as follows:		
Net revenue after taxation	29,057	23,562
Add: Tax on capitalised Manager's charge rebates	28	36
Less: Deferred tax	(590)	(388)
<b>Distributions</b>	<b>28,495</b>	<b>23,210</b>

Details of the interim and final distributions per unit are set out in the tables on page 12.

## 9. Debtors

	28.2.2023 £000's	28.2.2022 £000's
Accrued Manager's charge rebates	–	73
Accrued revenue	7,118	5,959
Amounts receivable for issue of units	744	803
Deferred tax	1,223	633
Overseas tax recoverable	283	185
Sales awaiting settlement	2,593	17,953
<b>Total debtors</b>	<b>11,961</b>	<b>25,606</b>

## 10. Cash and Bank Balances

	28.2.2023 £000's	28.2.2022 £000's
Amount held at futures clearing houses and brokers	19,130	16,142
Cash and bank balances	208,104	110,725
<b>Total cash and bank balances</b>	<b>227,234</b>	<b>126,867</b>

# Notes to Financial Statements continued

## 11. Other Creditors

	28.2.2023 £000's	28.2.2022 £000's
Accrued Annual Management charge	3,074	4,507
Accrued Annual service charge	77	52
Accrued Audit fee	9	9
Accrued Manager's charge rebates	21	–
Accrued Safe custody fees	16	10
Accrued Trustee's fee	75	92
Amounts payable for cancellation of units	626	2,048
Amounts payable with respect to total return swaps	–	116
Corporation tax payable	506	–
Currency purchases awaiting settlement	2,265	352
Custodian transaction costs	19	13
Italian tax provision	–	2
Purchases awaiting settlement	7,120	4,878
<b>Total other creditors</b>	<b>13,808</b>	<b>12,079</b>

## 12. Contingent Assets and Liabilities

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

## 13. 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.

## 14. 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.

## 14. Related Parties continued

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.

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.

## 15. Portfolio Transaction Costs

For the year ended 28 February 2023

	Direct Transaction Costs				
	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments	143,437	33	0.02	92	0.06
Debt instruments	346,971	–	–	–	–
Collective investment schemes	57,191	3	0.01	–	–
<b>Total purchases</b>	<b>547,599</b>	<b>36</b>		<b>92</b>	
<b>Total purchases including transaction costs</b>	<b>547,727</b>				

	Direct Transaction Costs				
	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
<b>Sales (excluding derivatives)</b>					
Equity instruments	250,392	44	0.02	5	0.00
Debt instruments	373,096	–	–	7	0.00
Collective investment schemes	110,568	23	0.02	–	–
<b>Total sales</b>	<b>734,056</b>	<b>67</b>		<b>12</b>	
<b>Total sales net of transaction costs</b>	<b>733,977</b>				

<b>Derivative transaction costs</b>	<b>189</b>	<b>–</b>
<b>Total transaction costs</b>	<b>292</b>	<b>104</b>
<b>Total transaction costs as a % of average net assets</b>	<b>0.02%</b>	<b>0.01%</b>

# Notes to Financial Statements continued

## 15. Portfolio Transaction Costs continued

For the year ended 28 February 2022

Purchases (excluding derivatives)	Direct Transaction Costs				
	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
Equity instruments	292,795	68	0.02	334	0.11
Debt instruments	599,300	–	–	(38)	(0.01)
Collective investment schemes	56,249	20	0.04	32	0.06
<b>Total purchases</b>	<b>948,344</b>	<b>88</b>		<b>328</b>	
<b>Total purchases including transaction costs</b>	<b>948,760</b>				

Sales (excluding derivatives)	Direct Transaction Costs				
	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
Equity instruments	388,859	98	0.03	3	0.00
Debt instruments	863,979	–	–	61	0.01
Collective investment schemes	133,084	40	0.03	–	–
<b>Total sales</b>	<b>1,385,922</b>	<b>138</b>		<b>64</b>	
<b>Total sales net of transaction costs</b>	<b>1,385,720</b>				

<b>Derivative transaction costs</b>	<b>176</b>	<b>0</b>
<b>Total transaction costs</b>	<b>402</b>	<b>392</b>
<b>Total transaction costs as a % of average net assets</b>	<b>0.02%</b>	<b>0.02%</b>

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.

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.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.



## 15. Portfolio Transaction Costs continued

During the year the Fund utilised FDIs including interest rate swaps, credit default swaps, inflation swaps, total return swaps, futures and options covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

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 0.52% (28 February 2022: 0.38%).

## 16. 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 Accumulation Units	D Income Units
Balance at the beginning of the year	51,969	484,351,115	437,989,933	7,555,974
Issued during the year	557	27,361,669	29,022,590	237,910
Cancelled during the year	(26,596)	(116,911,469)	(79,835,485)	(130,097)
<b>Balance at the end of the year</b>	<b>25,930</b>	<b>394,801,315</b>	<b>387,177,038</b>	<b>7,663,787</b>

	D Accumulation Units
Balance at the beginning of the year	11,912,095
Issued during the year	973,145
Cancelled during the year	(2,118,831)
<b>Balance at the end of the year</b>	<b>10,766,409</b>

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.

## 17. Post Balance Sheet Events

K Henry was appointed as a director effective 3 March 2023. S Corrigan 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 losses 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

## **Independent Auditor's Report to the Unitholders of BlackRock Dynamic Diversified Growth Fund**

### **Opinion**

We have audited the financial statements of BlackRock Dynamic Diversified Growth 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 Table 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 losses 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.

## **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 65, 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.

### **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  
Statutory Auditor

Edinburgh  
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 and Total Return Swaps (TRS)

The following table details the value of securities on loan as a proportion of the Fund's total lendable assets and NAV and the value of TRS as a proportion of the Fund's NAV, as at 28 February 2023 and the returns earned for the year ended. 28 February 2023. Total lendable assets represents the aggregate value of assets forming part of the Fund's securities lending programme. This excludes any assets held by the Fund that are not considered lendable due to any market, regulatory, investment or other restriction. The value of TRS is based on the underlying exposure value on a gross absolute basis as disclosed in the Fund's portfolio statement.

Securities on loan		TRS	
% of lendable assets	% of NAV	% of NAV	Returns earned £000's
4.69	2.90	18.77	(582)

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.

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

The following tables detail the underlying exposure value on a gross absolute basis for TRS, analysed by counterparty as at 28 February 2023.

Counterparty	Counterparty's country of establishment	TRS	
		Underlying exposure	£000's
Barclays Bank plc	UK		20,459
Citigroup Global Markets Limited	UK		55,392
Goldman Sachs International	UK		41,882
HSBC Bank Plc	UK		47,210
J.P. Morgan Securities Plc	UK		37,808
Morgan Stanley & Co. International Plc	UK		5,692
UBS AG	Switzerland		26,984
Total			235,427

## Supplementary Information continued

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.

The following table provides an analysis of the maturity tenor of TRS as at 28 February 2023.

	Maturity Tenor					Total £000's
	1 - 30 days	31 - 90 days	91 - 365 days	More than 365 days	Open transactions	
	£000's	£000's	£000's	£000's	£000's	
TRS	–	23,258	212,169	–	–	<b>235,427</b>

The above maturity tenor analysis has been based on the respective transaction contractual maturity date. All securities on loan have an open maturity tenor as they are callable 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 (including TRS), 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
<b>Securities lending transactions</b>				
CAD	183	–	503	–
CHF	–	–	1,080	–
CNY	–	–	1,199	–
DKK	–	–	1,702	–
EUR	–	–	12,583	–
GBP	–	–	4,273	–
HKD	–	–	347	–
JPY	–	–	1,336	–
NOK	–	–	9	–
SEK	–	–	37	–
SGD	–	–	81	–
USD	–	–	16,585	–
<b>Total</b>	<b>183</b>	<b>–</b>	<b>39,735</b>	<b>–</b>

As at 28 February 2023, all cash collateral received in respect of OTC derivative transactions by the Fund was re-invested in money market funds managed by the Manager or its affiliates, as disclosed in the Fund's portfolio statement.

Supplementary Information continued

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

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received/posted by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions and OTC FDIs (including TRS), as at 28 February 2023.

Collateral type and quality	Maturity Tenor					Open transactions	Total
	1 - 7 days	8 - 30 days	31 - 90 days	91 - 365 days	More than 365 days		
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Collateral received - securities lending</b>							
<b>Fixed income</b>							
Investment grade	2	1	760	1,181	17,572	–	<b>19,516</b>
<b>Equities</b>							
Recognised equity index	–	–	–	–	–	20,055	<b>20,055</b>
<b>ETFs</b>							
UCITS	–	–	–	–	–	2	<b>2</b>
Non-UCITS	–	–	–	–	–	162	<b>162</b>
<b>Total</b>	<b>2</b>	<b>1</b>	<b>760</b>	<b>1,181</b>	<b>17,572</b>	<b>20,219</b>	<b>39,735</b>

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 and OTC FDI (including TRS) is held by the Fund's Trustee (or through its delegates), with the exception of the amounts disclosed in the following table which are held through a securities settlement system.

Custodian	Non-cash collateral received	
	Securities lending	OTC FDIs
	£000's	£000's
Euroclear Bank SA/NAV	9,184	–

## Supplementary Information continued

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions and OTC FDIs as at 28 February 2023.

Issuer	Value £000's	% of the Fund's NAV
Citigroup Global Markets Limited	6,880	0.55
UBS AG	5,518	0.44
Goldman Sachs International	5,515	0.44
HSBC Bank Plc	5,275	0.42
Barclays Bank plc	3,449	0.27
BNP Paribas Arbitrage	3,175	0.25
Nomura International Plc	2,177	0.17
Société Générale SA	1,589	0.13
J.P.Morgan Securities Plc	1,583	0.13
Deutsche Bank AG (Euroclear)	958	0.08
Other issuers	3,616	0.01
<b>Total</b>	<b>39,735</b>	<b>3.17</b>

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.

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