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Interim report and unaudited financial statements

BlackRock UK Fund

For the six months ended 31 August 2023

NM1023U-3203153-1/20

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General Information

Manager & Registrar

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

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

Directors of the Manager

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

Trustee & Custodian

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

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

Investment Manager

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

Authorised and regulated by the FCA.

Stock Lending Agent

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

Authorised and regulated by the FCA

Auditor

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

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

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

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

* Non-executive Director.

About the Fund

BlackRock UK Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 11 November 1993. On 1 May 2003 the Fund changed its name to Merrill Lynch UK Fund. The Fund changed its investment objective on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008. The Fund's FCA product reference number is 164644.

Assessment of value

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

Fund Manager

As at 31 August 2023, the fund manager was Roland Arnold.

Significant Events


Changes in the Directors of the Manager

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

S Corrigan resigned as a Director effective 2 May 2023.

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

Risk and Reward Profile

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

Investment Manager’s Report

for the six months ended 31 August 2023

Investment Objective

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

Comparator benchmark	Investment management approach
FTSE All-Share TR Index	Active

Performance Summary

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

	Fund return %	Comparator benchmark %
Class D Accumulation Units	(0.46)	(3.23)

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

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

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

Global Economic Overview

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

Investment Manager's Report continued

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

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

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

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

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

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

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

Investment Manager's Report continued

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

Fund Performance Review and Activity

Over the six month period to 31 August 2023, the Fund's performance return was (0.46%) and the active return was 2.77%, outperforming its comparator benchmark which returned (3.23%) (active return is the difference between the Fund's return and the comparator benchmark return).

Equity investors faced a difficult period as markets fell in response to recession fears, supply side inflation shocks, war in Europe and concerns around monetary policy. Central bankers raised rates as inflation surged which caused recession fears. The UK saw notable sterling weakness during the period with economic weakness compounded by political uncertainty. Shares in the industrials and utilities sectors were particularly weak while technology and financials outperformed during the period.

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

Largest Contributors		Largest Detractors	
Stock	Effect on Fund return	Stock	Effect on Fund return
Dechra Pharmaceuticals [#]	0.76%	Watches of Switzerland [#]	(0.66%)
Baltic Classifieds [#]	0.69%	Future [#]	(0.33%)
Microsoft [#]	0.47%	Rolls-Royce [^]	(0.32%)
London Stock Exchange [#]	0.45%	RS [#]	(0.30%)
Prudential [^]	0.31%	CRH [^]	(0.28%)

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

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

Dechra Pharmaceuticals was the top contributor during the period after Swedish private equity firm, EQT announced their takeover bid of the company. Among the top contributors was Baltic Classifieds Group which performed well highlighting strong profit growth and results across all four of its businesses (autos, real estate, jobs & services and generalist). Microsoft shares were strong after results confirmed growth in key areas including the Cloud as well as on the back of the potential for the many uses of generative AI. Another top contributor was London Stock Exchange which has seen good growth and the potential for future incremental revenue growth with an announced partnership with Microsoft. Shares in Watches of Switzerland fell during the period due to slowdown in growth as well as Rolex's acquisition of rival chain Bucherer. Future was another top detractor which released disappointing half yearly results with several of its key US websites seeing lower than anticipated traffic. Our underweight position in Rolls-Royce detracted from performance after it raised its profit guidance as the company continues to benefit from increased defense spending with the war in Ukraine and an increase in flying hours over longer haul flights. Our underweight position in CRH also detracted from performance after the company announced better than expected results in the period.

Investment Manager's Report continued

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

Top overweight positions			
31 August 2023		28 February 2023	
Sector	Active Weighting	Sector	Active Weighting
Consumer Discretionary	14.02%	Consumer Discretionary	10.60%
Technology	7.63%	Technology	6.93%
Industrials	3.55%	Industrials	6.31%

Top underweight positions			
31 August 2023		28 February 2023	
Sector	Active Weighting	Sector	Active Weighting
Consumer Staples	(10.41%)	Consumer Staples	(10.46%)
Financials	(6.67%)	Financials	(6.14%)
Health Care	(4.04%)	Utilities	(3.39%)

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

Net Asset Value

At 31 August 2023	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	3,046,499	12,486	409.8
A Accumulation	39,656,344	241,824	609.8
X Accumulation	3,051,029	3,383	110.9
D Income	6,921,789	28,635	413.7
D Accumulation	18,270,740	123,265	674.7
S Income	5,908,604	7,804	132.1
S Accumulation	22,208,059	35,001	157.6

Distributions Payable for the period to 31 August 2023

Unit Class	Distribution payable on 31.10.2023 Pence per Unit
A Income	4.4588
A Accumulation	6.5641
X Accumulation	2.0904
D Income	6.0869
D Accumulation	9.7765
S Income	1.9968
S Accumulation	2.3454

Operating Charges

Unit Class	1.3.2023 to 31.8.2023	1.3.2022 to 28.2.2023
A Income	1.66%	1.66%
A Accumulation	1.66%	1.66%
X Accumulation	0.02%	0.02%
D Income	0.91%	0.91%
D Accumulation	0.91%	0.91%
S Income	0.83%	0.83%
S Accumulation	0.83%	0.83%

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

Portfolio Statement (unaudited)

at 31 August 2023

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
EQUITIES – 100.12%; 28.2.2023 100.25%			
AUSTRALIA – 1.08%; 28.2.2023 1.10%			
Mining – 1.08%; 28.2.2023 1.10%	213,885 BHP ^Q	4,874	1.08
IRELAND – 1.72%; 28.2.2023 4.28%			
Commercial Services – 0.00%; 28.2.2023 2.63%			
Retail – 1.72%; 28.2.2023 1.65%	895,000 Grafton	7,759	1.72
UNITED KINGDOM – 86.90%; 28.2.2023 85.00%			
Banks – 6.63%; 28.2.2023 7.75%			
	3,137,166 HSBC	18,456	4.08
	1,876,188 NatWest	4,379	0.97
	995,052 Standard Chartered	7,166	1.58
		30,001	6.63
Beverages – 0.70%; 28.2.2023 1.43%			
	97,269 Diageo	3,172	0.70
Commercial Services – 11.21%; 28.2.2023 9.56%			
	84,792 4imprint	4,291	0.95
	317,897 Ashtead	17,739	3.92
	1,502,810 QinetiQ	4,893	1.08
	920,000 RELX	23,791	5.26
		50,714	11.21
Cosmetics & Personal Care – 2.12%; 28.2.2023 1.98%			
	235,977 Unilever ^Q	9,589	2.12
Distribution & Wholesale – 0.99%; 28.2.2023 3.05%			
	156,842 Bunzl	4,481	0.99
Diversified Financial Services – 6.64%; 28.2.2023 5.37%			
	1,640,000 Ashmore	3,283	0.73
	2,510,477 IntegraFin	6,000	1.33
	252,741 London Stock Exchange	20,735	4.58
		30,018	6.64
Electronics – 0.63%; 28.2.2023 0.55%			
	130,530 Oxford Instruments	2,859	0.63
Engineering & Construction – 0.00%; 28.2.2023 0.00%			
	437,932 Vitec Global ¹	–	0.00
Food Services – 4.63%; 28.2.2023 4.39%			
	1,040,000 Compass	20,966	4.63
Home Builders – 1.26%; 28.2.2023 0.00%			
	152,128 Bellway	3,268	0.72

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
2,127,113	Taylor Wimpey	2,448	0.54
		5,716	1.26
Home Furnishings – 1.28%; 28.2.2023 1.16%			
	783,727 Howden Joinery	5,806	1.28
Household Products – 1.86%; 28.2.2023 1.29%			
	147,739 Reckitt Benckiser	8,421	1.86
Internet – 7.81%; 28.2.2023 6.91%			
	1,060,000 Auction Technology	7,621	1.68
	5,323,466 Baltic Classifieds	11,445	2.53
	587,507 Future ^Q	4,574	1.01
	2,080,000 Rightmove	11,698	2.59
		35,338	7.81
Investment Companies – 1.75%; 28.2.2023 0.00%			
	1,524,592 Melrose Industries	7,910	1.75
Leisure Time – 0.00%; 28.2.2023 0.00%			
	746,167 Patisserie ¹	–	0.00
Lodging – 1.29%; 28.2.2023 0.00%			
	170,000 Whitbread	5,845	1.29
Machinery Diversified – 2.27%; 28.2.2023 3.41%			
	2,661,727 Rotork	8,012	1.77
	22,505 Spirax-Sarco Engineering	2,273	0.50
		10,285	2.27
Media – 0.00%; 28.2.2023 0.84%			
Mining – 5.65%; 28.2.2023 6.89%			
	230,000 Anglo American	4,848	1.07
	425,000 Rio Tinto	20,727	4.58
		25,575	5.65
Miscellaneous Manufacturing – 1.13%; 28.2.2023 0.00%			
	162,865 Diploma	5,117	1.13
Oil & Gas Producers – 8.01%; 28.2.2023 10.23%			
	1,755,499 Harbour Energy	4,375	0.97
	1,522,051 Serica Energy	3,760	0.83
	1,161,660 Shell	28,112	6.21
		36,247	8.01
Pharmaceuticals – 7.34%; 28.2.2023 8.84%			
	225,750 AstraZeneca	24,295	5.37
	295,000 CVS	6,207	1.37
	262,000 Ergomed	2,725	0.60
		33,227	7.34

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
Private Equity – 1.19%; 28.2.2023 0.89%			
397,500	Intermediate Capital	5,380	1.19
Real Estate Investment & Services – 0.58%; 28.2.2023 0.00%			
1,097,087	Grainger	2,605	0.58
Real Estate Investment Trusts – 0.62%; 28.2.2023 0.00%			
556,313	Workspace	2,821	0.62
Retail – 7.80%; 28.2.2023 7.32%			
290,000	Next	20,207	4.47
1,406,602	Watches of Switzerland	8,165	1.81
472,000	WH Smith ^Ø	6,896	1.52
		35,268	7.80
Telecommunications – 2.34%; 28.2.2023 2.19%			
990,000	Gamma Communications	10,573	2.34
Toys, Games & Hobbies – 1.17%; 28.2.2023 0.95%			
49,000	Games Workshop	5,302	1.17
UNITED STATES OF AMERICA – 10.42%; 28.2.2023 9.87%			
Commercial Services – 1.74%; 28.2.2023 1.46%			
25,408	S&P Global	7,863	1.74
Computers – 1.09%; 28.2.2023 1.63%			
33,250	Apple	4,921	1.09

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
Diversified Financial Services – 1.98%; 28.2.2023 3.67%			
27,400	Mastercard	8,945	1.98
Healthcare Products – 1.37%; 28.2.2023 0.00%			
14,000	Thermo Fisher Scientific	6,174	1.37
Internet – 0.76%; 28.2.2023 0.00%			
32,172	Alphabet	3,448	0.76
Machinery Diversified – 0.62%; 28.2.2023 0.00%			
11,427	Rockwell Automation ^Ø	2,789	0.62
Miscellaneous Manufacturing – 0.00%; 28.2.2023 0.54%			
Software – 2.86%; 28.2.2023 2.57%			
10,000	Intuit	4,265	0.94
33,500	Microsoft	8,685	1.92
		12,950	2.86

COLLECTIVE INVESTMENT SCHEMES – 0.00%; 28.2.2023 0.35%

Short-term Money Market Funds – 0.00%; 28.2.2023 0.35%

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
DERIVATIVES – 0.03%; 28.2.2023 (0.06%)				
Forward Currency Contracts – 0.03%; 28.2.2023 (0.06%)				
£45,470,134	UK Sterling vs US Dollar	45,355	115	0.03
Portfolio of investments			453,074	100.15
Net other liabilities			(676)	(0.15)
Total net assets			452,398	100.00

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

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

The counterparties for the forward currency contracts are Goldman Sachs International and Standard Chartered Bank.

¹ These securities were valued in consultation with the Manager. These securities were fair valued or suspended at financial period end.

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

Statement of Total Return (unaudited)

for the six months ended 31 August 2023

	£000's	31.8.2023 £000's	£000's	31.8.2022 £000's
Income				
Net capital losses		(7,582)		(44,245)
Revenue	9,016		9,574	
Expenses	(3,099)		(3,570)	
Interest payable and similar charges	(2)		–	
Net revenue before taxation	5,915		6,004	
Taxation	(25)		(31)	
Net revenue after taxation		5,890		5,973
Total return before distributions		(1,692)		(38,272)
Distributions		(5,901)		(5,973)
Change in net assets attributable to unitholders from investment activities		(7,593)		(44,245)

Statement of Change in Net Assets Attributable to Unitholders

(unaudited) for the six months ended 31 August 2023

	£000's	31.8.2023 £000's	£000's	31.8.2022 £000's
Opening net assets attributable to unitholders		492,680		566,002
Amounts receivable on issue of units	7,160		24,699	
Amounts payable on cancellation of units	(44,823)		(45,071)	
		(37,663)		(20,372)
Change in net assets attributable to unitholders from investment activities		(7,593)		(44,245)
Retained distribution on accumulation units		4,974		5,114
Closing net assets attributable to unitholders		452,398		506,499

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

Balance Sheet (unaudited)

at 31 August 2023

	31.8.2023 £000's	28.2.2023 £000's
Assets:		
Fixed assets		
– Investment assets	453,074	495,636
Current assets		
– Debtors	2,780	1,477
– Cash and bank balances	420	355
Total assets	456,274	497,468
Liabilities:		
Investment liabilities	–	(306)
Creditors		
– Distributions payable	(675)	(139)
– Other creditors	(3,201)	(4,343)
Total liabilities	(3,876)	(4,788)
Net assets attributable to unitholders	452,398	492,680

G D Bamping (Director)

M T Zemek (Director)

BlackRock Fund Managers Limited

26 October 2023

Notes to Financial Statements (unaudited)

for the six months ended 31 August 2023

Accounting Policies

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

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

Supplementary Information

Efficient Portfolio Management Techniques

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

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

Securities Lending

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

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

Securities on loan		
% of lendable assets	% of NAV	Income earned £000's
2.92	2.91	6

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.

Supplementary Information continued

The following table details the value of securities on loan (individually identified in the Fund's portfolio statement) and associated collateral received, analysed by counterparty as at 31 August 2023.

Counterparty	Counterparty's country of establishment	Securities Lending	
		Amount on loan	Collateral received
		£000's	£000's
HSBC Bank	UK	5,895	6,822
Morgan Stanley International	UK	104	120
Société Générale	France	560	619
The Bank of Nova Scotia	Canada	2,290	2,459
UBS	Switzerland	4,327	4,772
Total		13,176	14,792

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, as at 31 August 2023.

Currency	Cash collateral received	Cash collateral posted	Non-cash collateral received	Non-cash collateral posted
	£000's	£000's	£000's	£000's
Securities lending transactions				
AUD	–	–	25	–
CAD	–	–	261	–
CNY	–	–	463	–
EUR	–	–	1,614	–
GBP	–	–	2,030	–
HKD	–	–	52	–
JPY	–	–	2,083	–
SGD	–	–	29	–
USD	–	–	8,235	–
Total	–	–	14,792	–

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

Supplementary Information continued

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

Collateral type and quality	Maturity Tenor					Open transactions	Total
	1 - 7 days	8 - 30 days	31 - 90 days	91 - 365 days	More than 365 days		
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Collateral received - securities lending							
Fixed income							
Investment grade	–	–	–	32	3,852	–	3,884
Equities							
Recognised equity index	–	–	–	–	–	10,681	10,681
ETFs							
Non-UCITS	–	–	–	–	–	227	227
Total	–	–	–	32	3,852	10,908	14,792

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

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

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

Supplementary Information continued

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

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

Issuer	Value £000's	% of the Fund's NAV
United Kingdom of Great Britain and Northern Ireland (Government)	1,674	0.37
United States of America (Government)	1,219	0.27
Recruit Holdings Co Ltd	653	0.15
Tokyo Electron Ltd	638	0.14
Philip Morris International Inc	624	0.14
France, Republic of (Government)	479	0.11
Germany, Federal Republic of (Government)	479	0.11
SPDR Gold Shares	474	0.11
Freeport-McMoRan Inc	465	0.10
Southern Co	460	0.10
Other issuers	7,627	1.67
Total	14,792	3.27

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