

A vertical grey bar is positioned to the left of the section header text.

Interim report and unaudited financial statements

BlackRock European Absolute Alpha Fund

For the six months ended 31 August 2023

NM1023U-3202819-1/27

Contents

General Information	2
About the Fund	3
Fund Managers	3
Significant Events	3
Risk and Reward Profile	4
Investment Manager's Report	5
Portfolio Statement	10
Statement of Total Return	18
Statement of Change in Net Assets Attributable to Unitholders	18
Balance Sheet	19
Notes to Financial Statements	20
Supplementary Information	21

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
Telephone: 020 7743 3000
Dealing and Investor Services: 0800 44 55 22
www.blackrock.co.uk

For your protection, telephone calls are usually recorded.

* Non-executive Director.

About the Fund

BlackRock European Absolute Alpha Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 27 March 2009 and authorised by the FCA on 27 March 2009. The Fund's FCA product reference number is 496621.

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 Managers

As at 31 August 2023, the fund managers were Stefan Gries and Stephanie Bothwell.

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							
P Accumulation	1	2	3	4	5	6	7
X Accumulation	1	2	3	4	5	6	7
D Accumulation	1	2	3	4	5	6	7

- The risk indicator was calculated incorporating 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 positive absolute return on your investment (i.e. an increase in the overall value of the Fund) (gross of fees) over any 12 month period regardless of market conditions.

Comparator benchmark	Investment management approach
3 Month SONIA compounded in arrears plus 11.9 basis point spread	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	2.25	2.37

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 2.25%, underperforming its comparator benchmark which returned 2.37%.

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

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

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

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

Largest Contributors		Largest Detractors	
Stock	Effect on Fund return	Stock	Effect on Fund return
Novo Nordisk	0.65%	IMCD	(0.34%)
Financials ¹	0.56%	Nordea Bank	(0.31%)
Communication Services ¹	0.54%	Lonza	(0.29%)
ASM International	0.36%	JD Sports	(0.29%)
Consumer Staples ¹	0.27%	Consumer Staples ¹	(0.25%)

¹ Where short positions (where we believe a stock will go down) are noted as contributors or detractors from returns, they are anonymised and described by their sector only.

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

A short position in an investment bank aided returns as shares came under pressure after investment confidence faltered, leading to a forced merger. A short position in a video streaming service also aided returns as shares fell following a significant profit warning for 2023, withdrawal of 2025 earnings targets and dismissal of the CEO. Lower demand from both wholesale and direct consumers, weak advertising markets and slower delivery of cost savings attributed to the company's lacklustre performance.

Investment Manager's Report continued

IMCD was the largest detractor from returns as the stock and the chemicals sector was hit by inventory destocking by their customers. The Investment Manager sees this as a normalisation and clearing of higher inventory levels. The business, in the Investment Manager's view, remains high quality with an attractive growth potential at current valuations.

The following table details the significant portfolio weightings at 31 August 2023 and 28 February 2023:

31 August 2023		28 February 2023	
Stock	Gross Exposure	Stock	Gross Exposure
Novo Nordisk	3.34%	Lonza	2.97%
Linde	3.00%	Linde	2.83%
RELX	2.94%	Vinci	2.56%
Vinci	2.63%	LVMH	2.54%
Royal Unibrew	2.58%	Novo Nordisk	2.36%

The Fund's net exposure (long holdings – short holdings) fell from 13.9% to 6.3% during the period, principally through additional capital invested in the short portfolio.

Net Asset Value

At 31 August 2023	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
P Accumulation	2,434,630	3,806	156.3
X Accumulation	100	–	127.5
D Accumulation	231,372,203	397,712	171.9

Distributions Payable for the period to 31 August 2023

Unit Class	Distribution payable on 31.10.2023 Pence per Unit
P Accumulation	0.0000
X Accumulation	0.0900
D Accumulation	0.0000

Operating Charges

Unit Class	1.3.2023 to 31.8.2023	1.3.2022 to 28.2.2023
P Accumulation	1.60%	1.69%
X Accumulation	0.00%*	0.03%
D Accumulation	0.85%	0.94%

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).

*The operating charges figure disclosed is calculated on an ex-post basis, due to unit class Net Asset Value size the resulting calculation is zero. This may differ to the ongoing charges figure disclosed within the KIID.

Portfolio Statement (unaudited)

at 31 August 2023

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
EQUITIES – 35.06%; 28.2.2023 33.89%			
BELGIUM – 0.80%; 28.2.2023 0.77%			
Distribution & Wholesale – 0.80%; 28.2.2023 0.77%			
187,038	Azelis	3,223	0.80
DENMARK – 8.05%; 28.2.2023 5.96%			
Beverages – 2.58%; 28.2.2023 1.27%			
150,039	Royal Unibrew ^o	10,376	2.58
Insurance – 0.00%; 28.2.2023 0.78%			
Pharmaceuticals – 3.37%; 28.2.2023 2.38%			
91,697	Novo Nordisk	13,537	3.37
Transportation – 2.10%; 28.2.2023 1.53%			
54,959	DSV	8,436	2.10
FINLAND – 0.00%; 28.2.2023 2.30%			
Banks – 0.00%; 28.2.2023 2.30%			
FRANCE – 1.46%; 28.2.2023 1.12%			
Aerospace & Defence – 0.00%; 28.2.2023 1.12%			
114,258	Cie de Saint-Gobain	5,861	1.46
GERMANY – 4.10%; 28.2.2023 4.29%			
Aerospace & Defence – 2.01%; 28.2.2023 1.62%			
43,533	MTU Aero Engines	8,063	2.01
Chemicals – 0.00%; 28.2.2023 1.36%			
Cosmetics & Personal Care – 2.09%; 28.2.2023 1.31%			
80,860	Beiersdorf	8,379	2.09
NETHERLANDS – 8.66%; 28.2.2023 5.94%			
Chemicals – 0.00%; 28.2.2023 0.61%			
Commercial Services – 0.00%; 28.2.2023 0.66%			
Distribution & Wholesale – 2.16%; 28.2.2023 1.97%			
78,971	IMCD ^o	8,657	2.16
Insurance – 1.81%; 28.2.2023 1.36%			
207,149	ASR Nederland	7,256	1.81
Semiconductors – 4.69%; 28.2.2023 1.34%			
13,375	ASM International	5,138	1.28
16,072	ASML	8,481	2.11
57,454	BE Semiconductor Industries	5,239	1.30
		18,858	4.69
SWITZERLAND – 4.51%; 28.2.2023 5.53%			
Building Materials – 1.31%; 28.2.2023 1.60%			
23,585	Sika ^o	5,251	1.31

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
Healthcare Products – 0.00%; 28.2.2023 0.90%			
Healthcare Services – 1.87%; 28.2.2023 3.03%			
17,208	Lonza ^o	7,521	1.87
Private Equity – 1.33%; 28.2.2023 0.00%			
6,273	Partners	5,330	1.33
UNITED KINGDOM – 4.47%; 28.2.2023 7.98%			
Chemicals – 0.00%; 28.2.2023 2.83%			
Commercial Services – 2.96%; 28.2.2023 2.18%			
458,658	RELX ^o	11,873	2.96
Diversified Financial Services – 1.51%; 28.2.2023 0.00%			
74,082	London Stock Exchange	6,078	1.51
Lodging – 0.00%; 28.2.2023 1.58%			
Oil & Gas Producers – 0.00%; 28.2.2023 1.39%			
UNITED STATES OF AMERICA – 3.01%; 28.2.2023 0.00%			
Chemicals – 3.01%; 28.2.2023 0.00%			
39,614	Linde	12,092	3.01
BONDS – 40.23%; 28.2.2023 37.70%			
UK Sterling Denominated ECP			
Bonds – 40.23%; 28.2.2023 37.70%			
£20,000,000	Agence Centrale Organismes Sec 0% 21/9/2023	19,937	4.97
£9,000,000	Managed And Enhanced Tap 0% 21/9/2023	8,971	2.23
£14,000,000	Matchpoint Finance Public 0% 22/9/2023	13,953	3.48
£14,000,000	Matchpoint Finance Public 0% 25/9/2023	13,947	3.47
£13,000,000	Mont Blanc Capital 0% 18/9/2023	12,964	3.23
£6,000,000	National Westminster Bank 0% 5/9/2023	5,995	1.49
£11,000,000	National Westminster Bank 0% 6/9/2023	10,991	2.74
£6,000,000	Nieuw Amsterdam Receivables 0% 1/9/2023	5,998	1.49
£10,000,000	Nieuw Amsterdam Receivables 0% 8/9/2023	9,990	2.49
£18,000,000	Omers Finance Trust 0% 13/9/2023	17,967	4.48
£10,000,000	Paccar Financial Europe 0% 25/9/2023	9,961	2.48
£15,000,000	Psp Capital 0% 14/9/2023	14,970	3.73
£6,000,000	Satellite 0% 24/10/2023	5,950	1.48
£10,000,000	Toyota Motor Finance 0% 23/10/2023	9,919	2.47
		161,513	40.23

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
Certificate of deposits – 22.28%; 28.2.2023 25.13%			
£7,000,000	Db's Bank 0% Certificate of Deposit 30/1/2024	6,830	1.70
£9,000,000	Mizuho Bank 5% Certificate of Deposit 5/9/2023	8,999	2.24
£21,000,000	Mizuho Bank 5.3% Certificate of Deposit 14/9/2023	20,999	5.23
£3,000,000	National Australia Bank 5.05% Certificate of Deposit 5/1/2024	2,993	0.75
£12,000,000	National Australia Bank 5.05% Certificate of Deposit 8/1/2024	11,971	2.98
£16,000,000	Nationwide Building Societ 5.18% Certificate of Deposit 4/9/2023	16,000	3.98

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
£8,000,000	Nordea Bank 0% Certificate of Deposit 5/6/2024	7,650	1.91
£14,000,000	Sumitomo Mitsui Trst Bank 5.6% Certificate of Deposit 16/10/2023	14,001	3.49
		89,443	22.28

COLLECTIVE INVESTMENT SCHEMES – 6.17%; 28.2.2023 9.55%

Short-term Money Market Funds – 6.17%; 28.2.2023 9.55%			
247,755	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class [†]	24,769	6.17

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
DERIVATIVES – 0.36%; 28.2.2023 0.13%				
UK Sterling – 0.15%; 28.2.2023 (0.30%)				
CFDs Short – (0.02%); 28.2.2023 (0.18%)				
Aerospace & Defence – 0.00%; 28.2.2023 (0.21%)				
Automobile Manufacturers – 0.00%; 28.2.2023 0.00%				
Chemicals – 0.01%; 28.2.2023 0.02%				
(185,529)	Johnson Matthey	3,023	41	0.01
Distribution & Wholesale – 0.00%; 28.2.2023 0.00%				
Diversified Financial Services – 0.04%; 28.2.2023 0.00%				
(1,724,099)	abrdn	2,868	156	0.04
(250,135)	Hargreaves Lansdown	1,910	(15)	0.00
		4,778	141	0.04
Food Producers – (0.02%); 28.2.2023 (0.05%)				
(984,981)	J Sainsbury	2,679	(46)	(0.01)
(343,457)	Marks & Spencer	776	(28)	(0.01)
		3,455	(74)	(0.02)
Leisure Time – 0.03%; 28.2.2023 0.12%				
(109,511)	TUI	517	120	0.03
Mining – (0.02%); 28.2.2023 0.00%				
(189,534)	Antofagasta	2,748	(59)	(0.02)
Pharmaceuticals – (0.02%); 28.2.2023 0.00%				
(214,147)	GSK	3,002	(80)	(0.02)
Retail – (0.01%); 28.2.2023 (0.05%)				
(1,091,447)	Kingfisher	2,545	(34)	(0.01)
Telecommunications – (0.03%); 28.2.2023 (0.01%)				
(2,618,235)	BT	3,015	(72)	(0.02)

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Exposure – Underlying Derivatives £000's	Market Value £000's	% of Total Net Assets
(1,571,119)	Vodafone	1,160	(51)	(0.01)
		4,175	(123)	(0.03)
CFDs Long – 0.17%; 28.2.2023 (0.12%)				
Commercial Services – 0.12%; 28.2.2023 0.01%				
124,957	Ashtead	6,973	275	0.07
182,385	Experian	5,078	186	0.05
		12,051	461	0.12
Food Services – 0.00%; 28.2.2023 (0.02%)				
Machinery Diversified – 0.02%; 28.2.2023 (0.02%)				
21,005	Spirax-Sarco Engineering	2,122	77	0.02
Pharmaceuticals – 0.00%; 28.2.2023 (0.09%)				
Retail – 0.03%; 28.2.2023 0.00%				
4,181,155	JD Sports Fashion	6,000	115	0.03
Danish Krone – 0.26%; 28.2.2023 0.08%				
CFDs Short – 0.26%; 28.2.2023 0.08%				
Chemicals – 0.06%; 28.2.2023 0.00%				
(78,418)	Novozymes	2,699	232	0.06
Commercial Services – 0.00%; 28.2.2023 0.00%				
(107,717)	ISS	1,516	(4)	0.00
Computers – 0.03%; 28.2.2023 0.03%				
(59,677)	Netcompany	1,768	89	0.03
Electricity – 0.12%; 28.2.2023 0.00%				
(43,468)	Orsted	2,192	475	0.12
Healthcare Products – 0.05%; 28.2.2023 0.03%				
(189,071)	Ambu	1,830	210	0.05
Machinery Diversified – 0.00%; 28.2.2023 0.02%				
Euro – (0.12%); 28.2.2023 (0.11%)				
CFDs Short – (0.24%); 28.2.2023 (0.05%)				
Airlines – 0.00%; 28.2.2023 0.00%				
(401,125)	Deutsche Lufthansa	2,858	14	0.00
Apparel – 0.00%; 28.2.2023 0.00%				
Automobile ABS – 0.00%; 28.2.2023 0.02%				
Automobile Manufacturers – 0.01%; 28.2.2023 0.00%				
(32,858)	Volkswagen	3,186	38	0.01
Automobile Parts & Equipment – (0.02%); 28.2.2023 0.00%				
(55,764)	Continental	3,280	(74)	(0.02)
Banks – 0.00%; 28.2.2023 (0.02%)				
Beverages – (0.02%); 28.2.2023 0.00%				
(56,288)	Anheuser-Busch InBev	2,549	(73)	(0.02)

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Exposure – Underlying Derivatives £000's	Market Value £000's	% of Total Net Assets
Chemicals – (0.05%); 28.2.2023 0.02%				
(52,813)	BASF	2,115	(38)	(0.01)
(34,531)	Brenntag	2,215	(73)	(0.02)
(35,794)	DSM-Firmenich	2,625	(44)	(0.01)
(138,087)	Evonik Industries	2,112	(40)	(0.01)
(65,053)	LANXESS	1,630	(56)	(0.01)
(134,212)	Umicore	2,800	52	0.01
		13,497	(199)	(0.05)
Commercial Services – (0.01%); 28.2.2023 0.00%				
(246,415)	Nexi	1,416	(38)	(0.01)
(55,754)	Worldline	1,456	(14)	0.00
		2,872	(52)	(0.01)
Distribution & Wholesale – 0.00%; 28.2.2023 0.00%				
(402,499)	Auto1	2,697	(13)	0.00
Diversified Financial Services – 0.02%; 28.2.2023 0.00%				
(22,977)	Deutsche Boerse	3,238	75	0.02
Electrical Components & Equipment – 0.00%; 28.2.2023 0.02%				
Electricity – (0.05%); 28.2.2023 0.00%				
(765,418)	EDP - Energias de Portugal	2,795	(83)	(0.02)
(427,159)	Terna - Rete Elettrica Nazionale	2,814	(116)	(0.03)
		5,609	(199)	(0.05)
Electronics – 0.00%; 28.2.2023 0.00%				
Engineering & Construction – (0.02%); 28.2.2023 (0.09%)				
(107,902)	ACS Actividades de Construccion y Servicios	3,006	(69)	(0.02)
(138,097)	Bouygues	3,777	7	0.00
		6,783	(62)	(0.02)
Entertainment – 0.02%; 28.2.2023 0.00%				
(146,545)	Universal Music	2,893	70	0.02
Food Producers – (0.02%); 28.2.2023 (0.04%)				
(205,578)	Carrefour	3,142	56	0.01
(183,470)	Casino Guichard Perrachon	490	(37)	(0.01)
(71,969)	Danone	3,329	(6)	0.00
(142,340)	Jeronimo Martins SGPS	2,893	(24)	(0.01)
(201,286)	Kesko	3,121	(51)	(0.01)
		12,975	(62)	(0.02)
Healthcare Products – 0.00%; 28.2.2023 0.01%				
(81,801)	Koninklijke Philips	1,461	(9)	0.00
Healthcare Services – (0.03%); 28.2.2023 0.06%				
(58,268)	Eurofins Scientific	2,844	(89)	(0.02)
(39,553)	Fresenius Medical Care	1,521	(25)	(0.01)
		4,365	(114)	(0.03)
Household Products – 0.00%; 28.2.2023 (0.02%)				
(57,292)	Henkel	3,487	15	0.00

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Exposure – Underlying Derivatives £000's	Market Value £000's	% of Total Net Assets
Insurance – (0.03%); 28.2.2023 (0.03%)				
(2,206,657)	Mapfre	3,701	(110)	(0.03)
Internet – 0.06%; 28.2.2023 0.00%				
(170,951)	Allegro.eu	1,086	10	0.00
(206,528)	Just Eat Takeaway.com	2,321	245	0.06
		3,407	255	0.06
Iron & Steel – 0.00%; 28.2.2023 (0.01%)				
(417,129)	thyssenkrupp	2,537	(14)	0.00
Machinery Construction & Mining – 0.01%; 28.2.2023 0.00%				
(199,628)	Siemens Energy	2,266	31	0.01
Machinery Diversified – (0.05%); 28.2.2023 0.05%				
(257,885)	CNH Industrial	2,808	(142)	(0.04)
(96,932)	Kone	3,534	(37)	(0.01)
		6,342	(179)	(0.05)
Miscellaneous Manufacturing – 0.00%; 28.2.2023 (0.01%)				
(151,146)	Alstom	3,328	13	0.00
Oil & Gas Producers – (0.02%); 28.2.2023 0.00%				
(251,404)	Galp Energia SGPS	2,733	(43)	(0.01)
(98,443)	Neste	2,865	(57)	(0.01)
		5,598	(100)	(0.02)
Real Estate Investment Trusts – 0.01%; 28.2.2023 0.02%				
(56,412)	Unibail-Rodamco-Westfield	2,387	45	0.01
Retail – (0.03%); 28.2.2023 0.01%				
(100,283)	Zalando	2,484	(110)	(0.03)
Semiconductors – 0.01%; 28.2.2023 0.00%				
(11,131)	SOITEC	1,612	47	0.01
Software – 0.04%; 28.2.2023 (0.01%)				
(51,537)	CD Projekt	1,480	103	0.03
(98,534)	Ubisoft Entertainment	2,329	42	0.01
		3,809	145	0.04
Telecommunications – (0.07%); 28.2.2023 (0.05%)				
(549,755)	Eutelsat Communications	2,628	(68)	(0.02)
(757,307)	Nokia	2,373	(107)	(0.03)
(1,148,780)	Telefonica	3,798	(60)	(0.02)
		8,799	(235)	(0.07)
Transportation – 0.00%; 28.2.2023 0.02%				
(78,553)	DHL	2,929	4	0.00
CFDs Long – 0.12%; 28.2.2023 (0.06%)				
Apparel – (0.03%); 28.2.2023 0.00%				
2,855	Hermes International	4,681	37	0.01
13,585	LVMH Moet Hennessy Louis Vuitton	9,244	(158)	(0.04)
		13,925	(121)	(0.03)

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Exposure – Underlying Derivatives £000's	Market Value £000's	% of Total Net Assets
Banks – (0.04%); 28.2.2023 0.00%				
1,852,658	AIB	6,659	(152)	(0.04)
Beverages – (0.02%); 28.2.2023 0.09%				
18,255	Pernod Ricard	2,902	(91)	(0.02)
Computers – 0.00%; 28.2.2023 (0.09%)				
Cosmetics & Personal Care – 0.05%; 28.2.2023 (0.06%)				
22,401	L'Oreal	7,802	190	0.05
Electrical Components & Equipment – 0.06%; 28.2.2023 (0.01%)				
46,276	Legrand	3,628	79	0.02
54,460	Schneider Electric	7,449	165	0.04
		11,077	244	0.06
Engineering & Construction – 0.10%; 28.2.2023 0.01%				
51,832	Alten	5,844	189	0.05
120,037	Vinci	10,638	202	0.05
		16,482	391	0.10
Oil & Gas Producers – 0.00%; 28.2.2023 0.00%				
Norwegian Krone – 0.02%; 28.2.2023 0.01%				
CFDs Short – 0.02%; 28.2.2023 0.01%				
Alternative Energy Sources – (0.01%); 28.2.2023 0.00%				
(423,100)	Scatec	2,252	(22)	(0.01)
Semiconductors – 0.03%; 28.2.2023 0.01%				
(168,579)	Nordic Semiconductor	1,602	104	0.03
Polish Zloty – 0.00%; 28.2.2023 0.00%				
CFDs Short – 0.00%; 28.2.2023 0.00%				
Internet – 0.00%; 28.2.2023 (0.02%)				
Software – 0.00%; 28.2.2023 0.02%				
Swedish Krona – (0.11%); 28.2.2023 0.09%				
CFDs Short – (0.12%); 28.2.2023 0.13%				
Automobile Manufacturers – 0.02%; 28.2.2023 0.03%				
(164,068)	Volvo Car	502	76	0.02
Banks – (0.01%); 28.2.2023 0.00%				
(506,131)	Svenska Handelsbanken	3,359	(29)	(0.01)
Commercial Services – (0.02%); 28.2.2023 0.02%				
(434,854)	Securitas	2,810	(61)	(0.02)
Cosmetics & Personal Care – (0.01%); 28.2.2023 0.00%				
(152,172)	Essity	2,817	(51)	(0.01)
Diversified Financial Services – 0.00%; 28.2.2023 (0.01%)				
Electronics – (0.01%); 28.2.2023 0.00%				
(144,923)	Assa Abloy	2,585	(42)	(0.01)

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Exposure – Underlying Derivatives £000's	Market Value £000's	% of Total Net Assets
Entertainment – 0.00%; 28.2.2023 0.00%				
(28,197)	Evolution	2,431	(9)	0.00
Healthcare Products – (0.04%); 28.2.2023 0.00%				
(469,704)	Elekta	2,669	(164)	(0.04)
Leisure Time – 0.00%; 28.2.2023 0.00%				
Real Estate Investment & Services – 0.00%; 28.2.2023 0.03%				
Retail – 0.00%; 28.2.2023 (0.02%)				
(246,899)	H & M Hennes & Mauritz	2,971	3	0.00
Software – 0.00%; 28.2.2023 0.04%				
Telecommunications – (0.05%); 28.2.2023 0.04%				
(645,729)	Telefonaktiebolaget LM Ericsson	2,614	(84)	(0.02)
(1,775,755)	Telia	2,833	(109)	(0.03)
		5,447	(193)	(0.05)
CFDs Long – 0.01%; 28.2.2023 (0.04%)				
Machinery Diversified – 0.01%; 28.2.2023 (0.04%)				
597,908	Atlas Copco	5,489	51	0.01
Swiss Franc – 0.05%; 28.2.2023 0.00%				
CFDs Short – 0.05%; 28.2.2023 0.00%				
Banks – 0.00%; 28.2.2023 (0.01%)				
Chemicals – 0.01%; 28.2.2023 0.04%				
(4,957)	EMS-Chemie	2,934	51	0.01
Electrical Components & Equipment – 0.00%; 28.2.2023 (0.03%)				
Healthcare Products – 0.01%; 28.2.2023 0.00%				
(12,973)	Sonova	2,705	22	0.01
Insurance – (0.02%); 28.2.2023 0.00%				
(46,675)	Swiss Re	3,620	(93)	(0.02)
Pharmaceuticals – 0.01%; 28.2.2023 0.01%				
(30,805)	Novartis	2,460	24	0.01
Retail – 0.04%; 28.2.2023 0.00%				
(10,692)	Swatch	2,386	153	0.04
Semiconductors – 0.00%; 28.2.2023 (0.01%)				
(65,649)	ams-OSRAM	358	(2)	0.00
Transportation – 0.00%; 28.2.2023 0.00%				
Forward Currency Contracts – 0.11%; 28.2.2023 0.36%				
€92,414,707	Euro vs UK Sterling	79,245	(99)	(0.03)
£29,433,170	UK Sterling vs Danish Krone	29,308	126	0.03
£159,262,996	UK Sterling vs Euro	159,014	247	0.07

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Exposure – Derivatives £000's	Underlying Value £000's	Market Value £000's	% of Total Net Assets
£31,752,146	UK Sterling vs Swiss Franc		31,581	171	0.04
			299,148	445	0.11
Portfolio of investments			417,974	104.10	
Net other liabilities			(16,456)	(4.10)	
Total net assets			401,518	100.00	

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

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

The CFDs shown in the portfolio statement starting on page 11 are expressed at both their mark-to-market and original notional which when added together represent the current notional value of the CFDs. The current notional value of a CFD represents the reference amount used to calculate payments between the counterparties to the CFD. The full notional value represents the economic interest in the security underlying the CFD, but does not change hands in full between the counterparties.

The counterparties for the forward currency contracts are Bank of New York Mellon International, Citigroup Global Markets Limited and Morgan Stanley & Co. International Plc.

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

[†] Managed by a related party.

Statement of Total Return (unaudited)

for the six months ended 31 August 2023

	31.8.2023	31.8.2022
£000's	£000's	£000's
Income		
Net capital gains	9,756	18,702
Revenue	6,886	2,979
Expenses	(2,023)	(4,732)
Interest payable and similar charges	(5,003)	(5,654)
Net expense before taxation	(140)	(7,407)
Taxation	(200)	(258)
Net expense after taxation	(340)	(7,665)
Total return before distributions	9,416	11,037
Change in net assets attributable to unitholders from investment activities	9,416	11,037

Statement of Change in Net Assets Attributable to Unitholders

(unaudited) for the six months ended 31 August 2023

	31.8.2023	31.8.2022
£000's	£000's	£000's
Opening net assets attributable to unitholders	440,974	563,976
Amounts receivable on issue of units	62,371	118,749
Amounts payable on cancellation of units	(111,243)	(180,174)
	(48,872)	(61,425)
Change in net assets attributable to unitholders from investment activities	9,416	11,037
Closing net assets attributable to unitholders	401,518	513,588

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	421,249	474,505
Current assets		
– Debtors	5,189	4,236
– Cash and bank balances	5,022	2,257
– Cash collateral posted	1,040	442
Total assets	432,500	481,440
Liabilities:		
Investment liabilities	(3,275)	(5,308)
Creditors		
– Amounts due to futures clearing houses and brokers	(211)	–
– Cash collateral payable	(210)	–
– Other creditors	(27,286)	(35,158)
Total liabilities	(30,982)	(40,466)
Net assets attributable to unitholders	401,518	440,974

G D Bamping (Director)

M T Zemek (Director)

BlackRock Fund Managers Limited

26 October 2023

Notes to Financial Statements (unaudited)

for the six months ended 31 August 2023

Accounting Policies

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

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

Supplementary Information

Efficient Portfolio Management Techniques

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

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

Securities Lending and Contracts for Difference (CFDs)

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

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

Securities on loan			CFDs	
% of lendable assets	% of NAV	Income earned £000's	% of NAV	Returns earned £000's
3.00	0.96	867	0.25	985

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

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

Supplementary Information continued

The following table details the value of securities on loan (individually identified in the Fund's portfolio statement) and associated collateral received and the underlying exposure value on a gross absolute basis for CFDs, 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
BNP Paribas	France	1,400	1,611
Credit Suisse International	UK	144	154
HSBC Bank	UK	975	1,129
UBS	Switzerland	1,336	1,473
Total		3,855	4,367

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

Supplementary Information continued

Collateral

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

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

Currency	Cash collateral received £000's	Cash collateral posted £000's	Non-cash collateral received £000's	Non-cash collateral posted £000's
Securities lending transactions				
AUD	–	–	42	–
CNY	–	–	344	–
EUR	–	–	193	–
GBP	–	–	198	–
HKD	–	–	24	–
JPY	–	–	415	–
NOK	–	–	176	–
SGD	–	–	5	–
USD	–	–	2,970	–
Total	–	–	4,367	–
OTC FDIs				
GBP	210	1,040	–	–
	210	1,040	–	–
Total	210	1,040	4,367	–

As at 31 August 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. All cash received or posted as collateral has an open maturity tenor as it's not subject to a contractual maturity date.

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

The returns earned by the Fund from the reinvestment of cash collateral in money market funds during the period ended 31 August 2023 is summarised below. These returns represent the accumulative total return of the representative money market fund for the period ended 31 August 2023. These returns do not take into account any interest payable to the counterparty under the relevant collateral arrangements.

Money market fund	Total return %
Institutional Cash Series plc	
BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class	5.22

Supplementary Information continued

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

Collateral type and quality	Maturity Tenor					Open transactions	Total
	1 - 7 days	8 - 30 days	31 - 90 days	91 - 365 days	More than 365 days		
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Collateral received - securities lending							
Fixed income							
Investment grade	–	21	13	–	946	–	980
Equities							
Recognised equity index	–	–	–	–	–	3,333	3,333
ETFs							
Non-UCITS	–	–	–	–	–	54	54
Total	–	21	13	–	946	3,387	4,367

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

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

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

Supplementary Information continued

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

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

Issuer	Value £000's	% of the Fund's NAV
United States of America (Government)	782	0.20
Alibaba Group Holding Ltd	289	0.07
Tencent Holdings Ltd	203	0.05
United Kingdom of Great Britain and Northern Ireland (Government)	198	0.05
Southern Co	142	0.04
Meta Platforms Inc	141	0.04
Salesforce Inc	139	0.04
Pinterest Inc	128	0.03
Freeport-McMoRan Inc	127	0.03
Oracle Corp	125	0.03
Other issuers	2,093	0.51
Total	4,367	1.09

About us

BlackRock is a premier provider of asset management, risk management, and advisory services to institutional, intermediary, and individual clients worldwide. As of 30 September 2023, the firm manages £7.18 trillion across asset classes in separate accounts, mutual funds, other pooled investment vehicles, and the industry-leading iShares® exchange-traded funds.

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

BlackRock serves clients in North and South America, Europe, Asia, Australia, Africa, and the Middle East. Headquartered in New York, the firm maintains offices in over 38 countries around the world.

Want to know more?

blackrockinternational.com | +44 (0)20 7743 3300

© 2022 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS and iSHARES are trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.

BlackRock®

Go paperless. . .
It's Easy, Economical and Green!
Go to www.blackrock.com/edelivery

