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Interim report and unaudited financial statements

BlackRock Corporate Bond Fund

For the six months ended 31 August 2022

NM1022U-2565429-1/23

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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
W I Cullen*
D Edgar
B Harrison (Resigned 19 August 2022)
A M Lawrence
H N Mephem
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 Corporate Bond Fund (the “Fund”) is a UCITS scheme under the COLL Sourcebook. The Fund was established on 29 June 1995. The Fund was previously known as Mercury High Income Bond Fund, then, with effect from 30 September 2000, Merrill Lynch High Income Bond Fund. On 28 April 2008 the Fund changed its name to BlackRock High Income Bond Fund. The Fund changed its investment objective and policy and adopted its present name with effect from close of business on 17 September 2010. The Fund’s FCA product reference number is 172177.

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 29 October 2021 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 2022.

Fund Manager

As at 31 August 2022, the Fund Manager of the Fund is Ben Edwards.

Significant Events

Changes in the Directors of the Manager

B Harrison resigned as a Director effective 19 August 2022.


COVID-19

The infectious respiratory illness caused by a novel coronavirus known as COVID-19 has had a profound impact on all aspects of society over the last two years. While there is a growing consensus in developed economies that the worst of the impact is now over, there is an expectation that travel restrictions, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, cancellations, supply chain disruptions, and lower consumer demand will create ongoing challenges. While widescale vaccination programmes are now in place in many countries and are having a positive effect, the impact of COVID-19 continues to adversely affect the economies of many nations across the entire global economy and this impact may be greater where vaccination rates are lower, such as in certain emerging markets. While it is difficult to make timing predictions, it is expected that the economic effects of COVID-19 will continue to be felt for a period after the virus itself has moved from being pandemic to endemic in nature and this in turn may continue to impact investments held by the Fund.

Russian Invasion of Ukraine

Certain financial markets have fallen during the financial period 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 objectives, and the operations of the Fund and the publication of net asset values are continuing.

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 Report

for the six months ended 31 August 2022

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) (gross of fees) by investing in corporate bonds and other interest-bearing securities.

Comparator benchmark	Investment management approach
Bank of America Merrill Lynch Sterling Corporate & Collateralised Index	Active

Performance Summary

The following table compares the Fund's realised performance against the performance of the relevant comparator benchmark during the financial period ended 31 August 2022.

	Fund return %	Comparator benchmark %
Class D Accumulation Units	(11.20)	(11.97)

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

- Fund return disclosed, calculated net of fees, is the performance return 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 SORP requirements, including the accounting policy for the valuation point at 12 noon, where the end of the accounting period end on the balance sheet date is a business day which apply to the financial statements, 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 (11.21%) (in US dollar terms). However, as the pound sterling declined sharply against other influential currencies, the ACWI returned 2.38% (in GBP terms) for the six months ended 31 August 2022. Amid a slowing economic recovery, both bonds and equities were pressured (in U.S. dollar terms) by persistently high inflation (rate of increase in the prices of goods and services) and moves towards monetary policy tightening from the world's largest central banks. The Russian invasion of Ukraine drove further uncertainty and disruption in financial markets. Sanctions imposed on Russia negatively impacted businesses with ties to the region and contributed to significant volatility (market ups and downs) in some commodity prices.

The US economy faltered in the first half of 2022, contracting amid slowing growth in consumer spending and a sharp decline in business confidence. Japanese growth was modest, as supply shortages and disruptions from the Russian invasion of Ukraine weighed on production. The UK economy slowed, contracting in the three months ended June 2022 amid weakness in services output. The Eurozone posted modest growth, helped in part by an increase in household spending and a rebound in tourism.

Investment Report continued

Economic growth was generally slow among emerging market nations as the global economy cooled. In China, the economy slowed substantially in the second quarter of 2022 following a series of strict lockdowns aimed at containing an increase in COVID-19 cases. India's economy slowed but continued to grow in the first quarter, helped by a pickup in service sector activity.

As inflation continued to rise globally, the world's largest central banks implemented different measures aimed at monetary tightening. The US Federal Reserve ("the Fed") raised interest rates four times in an effort to control inflation, including back to back 75 basis points increases in June and July 2022. The Fed also ended its bond-buying programmes and began reducing some of its accumulated bond holdings in June 2022.

The Bank of England raised interest rates four times, as inflation reached a forty-year high. Inflation also accelerated in the Eurozone and the European Central Bank ("ECB") raised interest rates in July 2022, its first rate hike since 2011. Furthermore, the ECB also 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 significantly negative in most parts of the world (in US dollar terms). Rising inflation amid supply chain constraints and tighter monetary policy from many central banks negatively impacted equities. US, European, and Asia-Pacific equities all retreated during the six month period.

Global bond prices also declined (in US dollar terms), as heightened inflation put pressure on returns. US treasuries fell amid concerns that the Fed would continue to raise interest rates due to high inflation. Long-term US Treasury yields fell below short-term yields, a signal that markets were increasingly concerned about slowing economic growth. Similarly, UK, European, and Japanese government bonds declined (in US dollar terms) for the six month period. Corporate bonds fell globally as investors became concerned about the impact of rising interest rates on companies' financing costs.

Equities in emerging markets posted a substantial decline (in US dollar terms), 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 sharply, particularly following Russia's invasion of Ukraine.

The commodities markets were volatile, with energy prices rising sharply (in US dollar terms), following Russia's invasion of Ukraine before moderating late in the period on growth concerns. The price of Brent crude oil rose sharply following Russia's invasion of Ukraine, but retreated as markets stabilised, ending the six-month period nearly flat. Natural gas prices gained significantly, particularly in Europe, amid supply disruptions from Russia. Gold prices declined, as higher interest rates made non-interest-bearing investments relatively less attractive despite rising inflation, while industrial metals also generally declined.

On the foreign currencies, the US dollar rose against most other global currencies, particularly as the Fed began tightening monetary policy in 2022. The Japanese yen declined notably against the US dollar, as the Bank of Japan's relatively accommodative stance meant that interest rates rose faster in the US than in Japan. The euro, pound sterling, and Chinese yuan also weakened relative to the US dollar as investors saw the US dollar being more insulated from the geopolitical turmoil.

Fund Performance Review and Activity

Over the six month period to 31 August 2022, the Fund's performance return was (11.20%) and the active return was 0.77%, outperforming its comparator benchmark which returned (11.97%) (active return is the difference between the Fund's return and the comparator benchmark return).

Investment Report continued

During the period under review, bond markets experienced elevated levels of volatility as investors grappled with the combination of inflation, recessionary fears, lockdowns in China, the Russian invasion of Ukraine, and a shift away from ultra-accommodative policy of central banks. Global developed market government bond yields rose (meaning prices fell) over the period as global central banks have committed to continue to increase interest rates to subdue inflation while global credit spreads (the difference in yield between government and corporate bonds with similar maturities) widened as higher yields and global growth concerns weighed on risk assets.

In light of the challenging backdrop described above, the Fund outperformed its comparator benchmark. Defensive duration positioning over the period was a key driver of Fund performance, as interest rate duration (sensitivity to long term interest rate movements) ranged from around 5.8-years in the summer of last year to approximately 6.5-years today, materially less than the benchmark. The Manager increased exposure to credit risk as spreads widened and yields rose over the period. Whilst spreads remained under pressure, the Manager believes they ultimately represent an attractive entry point for medium term investors.

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	
Strategy	Effect on Fund return	Strategy	Effect on Fund return
Duration [#]	2.72%	Credit [^]	(1.25%)
FX Hedging	0.13%	Inflation [^]	(0.37%)

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

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

The Fund's relative outperformance was driven by its macro-economic positioning with duration being the leading contributor to positive active returns. The Fund entered the period underweight duration, both against the benchmark and relative to its long term structural neutral duration positioning of 6.5 years. As central banks globally took steps to further tighten monetary policy over the quarter, the Fund's position increased to return toward its neutral point of 6.5 years. Since the reporting period's conclusion, announcements regarding UK fiscal policy triggered unprecedented market volatility in UK government bonds and caused a sharp upwards revision in the Bank Rate expectations. The Manager continues to closely monitor the situation.

The Fund entered the period with a low credit risk profile against a highly volatile economic climate as corporate bonds appeared expensive and left little buffer to absorb further volatility. However, credit fundamentals were sound, providing an opportunity to increase credit exposure primarily via CDS indices, a more liquid alternative to corporate bonds. Valuations improved over the summer months enabling the manager to selectively add exposure to corporate bonds. The banking sector was favoured when increasing the Fund's allocation to corporate bonds based upon attractive valuations, strong capital levels and tail winds from higher interest rates. The Fund concluded the period overweight (vs the benchmark) in the financial sector. However, given the heightened market volatility and continuous supply in the space, the financial sector has contributed negatively to returns year-to-date, but the Investment Manager retains conviction in the sector.

Investment 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 2022 and 28 February 2022:

Top overweight positions			
31 August 2022		28 February 2022	
Sector	Active Weighting	Sector	Active Weighting
Governments	6.70%	Governments	4.09%
Financials	1.44%	Financials	1.29%

Top underweight positions			
31 August 2022		28 February 2022	
Sector	Active Weighting	Sector	Active Weighting
Collateralised^	(7.14%)	Collateralised^	(6.82%)

^ Collateralised includes Asset Backed Securities (ABS), Mortgage Backed Securities (MBS) and Pubs.

Where the Fund was 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 2022	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	3,586,160	3,391	94.55
A Accumulation	11,067,262	34,139	308.5
X Accumulation	64,658,932	78,695	121.7
D Income	231,783,495	232,196	100.2
D Accumulation	59,309,128	193,335	326.0
S Income	160,927,458	155,109	96.38
S Accumulation	165,085,146	201,022	121.8

Distributions Payable for the period to 31 August 2022

Unit Class	Distribution payable on 31.10.2022 Pence per Unit
A Income	0.7245
A Accumulation	2.3444
X Accumulation	0.9236
D Income	0.7671
D Accumulation	2.4756
S Income	0.7380
S Accumulation	0.9247

Operating Charges

Unit Class	1.3.2022 to 31.8.2022	1.3.2021 to 28.2.2022
A Income	1.06%	1.06%
A Accumulation	1.06%	1.06%
X Accumulation	0.02%	0.02%
D Income	0.56%	0.56%
D Accumulation	0.56%	0.56%
S Income	0.51%	0.51%
S Accumulation	0.51%	0.51%

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 2022

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
BONDS – 96.16%; 28.2.2022 98.79%			
UK STERLING – 73.80%; 28.2.2022 79.67%			
UK Sterling Denominated Corporate Bonds – 67.55%; 28.2.2022 72.46%			
£2,400,000	Aegon 6.125% 15/12/2031	2,674	0.30
£13,800,000	Anglian Water Osprey Financing 2% 31/7/2028	11,436	1.27
£8,150,000	Annington Funding 2.308% 6/10/2032 ^o	6,252	0.70
£5,000,000	Annington Funding 2.646% 12/7/2025	4,671	0.52
£2,450,000	Arqiva Financing 4.882% 31/12/2032	2,462	0.27
£11,450,000	AT&T 5.5% 15/3/2027	11,805	1.32
£16,300,000	Banco Santander 1.75% 17/2/2027	13,819	1.54
£7,000,000	Banco Santander 4.75% 30/8/2028	6,843	0.76
£14,015,000	Bank of America 1.667% 2/6/2029	11,823	1.32
£6,145,000	Bank of America 3.584% 27/4/2031	5,632	0.63
£21,921,000	BAT International Finance 2.25% 26/6/2028 ^o	17,698	1.97
£4,843,000	BAT International Finance 4% 4/9/2026	4,513	0.50
£8,705,000	Bellis Acquisition 3.25% 16/2/2026	6,867	0.77
£3,000,000	Bellis Acquisition 4.5% 16/2/2026	2,402	0.27
£2,000,000	Blackstone Private Credit Fund 4.875% 14/4/2026	1,800	0.20
£7,300,000	BNP Paribas 2% 24/5/2031	6,278	0.70
£8,900,000	BNP Paribas 2.875% 24/2/2029	7,801	0.87
£4,085,000	BUPA Finance 4% Perpetual 24/3/2171	2,854	0.32
£13,955,000	BUPA Finance 5% 8/12/2026	13,427	1.50
£12,930,000	Comcast 1.5% 20/2/2029	11,058	1.23
£5,000,000	Comcast 5.5% 23/11/2029	5,398	0.60
£4,550,000	Cooperative Rabobank UA 4.625% 23/5/2029	4,294	0.48
£5,870,000	DNB Bank 2.625% 10/6/2026	5,555	0.62
£7,235,000	DS Smith 2.875% 26/7/2029 ^o	6,217	0.69

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
£11,620,000	E.ON International Finance 6.25% 3/6/2030	12,720	1.42
£23,900,000	Electricite de France 5.875% Perpetual 22/7/2171	20,375	2.27
£4,700,000	Fiserv 3% 1/7/2031	4,065	0.45
£10,305,000	Ford Motor Credit 2.748% 14/6/2024	9,641	1.07
£2,550,000	Ford Motor Credit 4.535% 6/3/2025	2,413	0.27
£7,745,000	GKN 5.375% 19/9/2022	7,744	0.86
£9,185,000	Glencore Finance Europe 3.125% 26/3/2026	8,419	0.94
£11,310,000	Goldman Sachs 3.625% 29/10/2029	10,339	1.15
£5,250,000	Goldman Sachs 4.25% 29/1/2026	5,094	0.57
£2,289,492	Great Rolling Stock 6.875% 27/7/2035	2,518	0.28
£9,649,536	Greene King Finance 3.98024% 15/12/2033	9,008	1.00
£5,770,000	GSK Consumer Healthcare Capital UK 2.875% 29/10/2028	5,280	0.59
£13,635,000	Heathrow Funding 2.625% 16/3/2028	11,545	1.29
£17,255,000	Imperial Brands Finance 5.5% 28/9/2026	16,985	1.89
£9,030,000	Leeds Building Society 1.375% 6/10/2027	7,723	0.86
£9,645,000	Legal & General 5.125% 14/11/2048	9,098	1.01
£18,760,000	Lloyds Banking 1.985% 15/12/2031 ^o	15,805	1.76
£5,500,000	Lloyds Banking 2.707% 3/12/2035	4,212	0.47
£2,495,000	London Power Networks 2.625% 1/3/2029	2,249	0.25
£1,365,286	Meadowhall Finance 4.986% 12/7/2037	1,370	0.15
£8,674,013	Metrocentre Finance 8.75% 6/12/2028	4,380	0.49
£9,965,000	Metropolitan Life Global Funding I 1.625% 12/10/2028	8,656	0.96
£11,600,000	Metropolitan Life Global Funding I 1.625% 21/9/2029	9,827	1.09
£797,756	Mitchells & Butlers Finance 5.574% 15/12/2030	810	0.09
£262,792	Mitchells & Butlers Finance 5.965% 15/12/2025	263	0.03
£7,864,032	Mitchells & Butlers Finance 6.013% 15/12/2030	7,707	0.86
£11,207,000	National Grid 3.5% 16/10/2026	10,744	1.20
£5,635,000	NatWest 2.057% 9/11/2028	4,769	0.53
£4,085,000	NatWest 3.619% 29/3/2029	3,680	0.41

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
£16,770,000	NGG Finance 5.625% 18/6/2073	16,015	1.78
£11,235,000	Nordea Bank 1.625% 9/12/2032 ^Ø	9,100	1.01
£8,960,000	Quadgas Finance 3.375% 17/9/2029	7,818	0.87
£10,180,000	Santander UK 2.421% 17/1/2029	8,691	0.97
£3,500,000	Scottish Hydro Electric Transmission 2.125% 24/3/2036	2,556	0.29
£6,849,000	Scottish Widows 5.5% 16/6/2023	6,874	0.77
£13,000,000	Southern Water Services Finance 2.375% 28/5/2028	11,593	1.29
£2,550,000	Southern Water Services Finance 3% 28/5/2037	2,012	0.22
£3,415,000	Svenska Handelsbanken 4.625% 23/8/2032	3,261	0.36
£21,659,710	Tesco Property Finance 1 7.6227% 13/7/2039	24,813	2.76
£17,652,000	Thames Water Utilities Finance 2.875% 3/5/2027	15,712	1.75
£4,985,000	Thames Water Utilities Finance 5.75% 13/9/2030	4,987	0.56
£18,104,000	Time Warner Cable 5.75% 2/6/2031	17,652	1.97
£9,535,000	UBS 1.875% 3/11/2029	7,941	0.88
£2,870,000	United Utilities Water Finance 2.625% 12/2/2031	2,554	0.28
£5,000,000	Volkswagen Financial Services 3.25% 13/4/2027 ^Ø	4,549	0.51
£15,000,000	Wells Fargo 2% 28/7/2025	13,865	1.54
£6,735,000	Wells Fargo 2.125% 24/9/2031	5,399	0.60
£9,225,000	Wells Fargo 3.473% 26/4/2028	8,599	0.96
£6,000,000	Western Power Distribution South Wales 1.625% 7/10/2035	4,093	0.46
£5,400,000	Western Power Distribution West Midlands 5.75% 16/4/2032	5,785	0.64
£6,340,000	Yorkshire Building Society 3.511% 11/10/2030	5,603	0.62
£7,270,000	Yorkshire Water Finance 1.75% 27/10/2032	5,712	0.64
£11,125,000	Yorkshire Water Finance 3.75% 22/3/2046	11,074	1.23
£9,835,000	Zurich Finance Ireland Designated Activity 5.125% 23/11/2052	9,254	1.03
		606,530	67.55
UK Sterling Denominated Government Bonds – 6.25%; 28.2.2022 7.21%			
£21,720,000	United Kingdom Gilt 1.75% 22/1/2049	16,351	1.82

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
£5,024,170	United Kingdom Gilt 4.25% 7/6/2032	5,635	0.63
£30,015,000	United Kingdom Gilt 4.25% 7/9/2039	34,128	3.80
		56,114	6.25
EURO – 22.36%; 28.2.2022 18.80%			
Euro Denominated Corporate Bonds – 22.36%; 28.2.2022 18.80%			
€14,600,000	Abertis Infraestructuras Finance 2.625% Perpetual 26/4/2171	9,956	1.11
€6,400,000	Allianz 2.6% Perpetual 30/4/2171	4,007	0.44
€20,200,000	Allianz 2.625% Perpetual 30/4/2171	13,124	1.46
€6,150,000	Argentum Netherlands for Zurich Insurance 2.75% 19/2/2049	4,749	0.53
€4,600,000	Argentum Netherlands for Zurich Insurance 3.5% 1/10/2046	3,853	0.43
€5,000,000	Banque Federative du Credit Mutuel 1.25% 3/6/2030 ^Ø	3,582	0.40
€10,500,000	Bayer 3.125% 12/11/2079 ^Ø	7,513	0.84
€7,100,000	Bayer 5.375% 25/3/2082	5,467	0.61
€10,100,000	BNP Paribas 0.875% 31/8/2033	6,856	0.76
€30,800,000	BPCE 2.125% 13/10/2046	19,415	2.16
€11,900,000	Cellnex Finance 1.25% 15/1/2029	8,040	0.89
€33,115,000	Credit Suisse 0.625% 18/1/2033	17,594	1.96
€14,041,000	Digital Dutch Finco 1.25% 1/2/2031	9,358	1.04
€8,445,000	Digital Dutch Finco 1.5% 15/3/2030	5,993	0.67
€4,510,000	Goldman Sachs 1% 18/3/2033	2,861	0.32
€33,000,000	Iberdrola International 1.874% Perpetual 28/4/2171 ^Ø	25,303	2.82
€10,750,000	Logicor Financing Sarl 2% 17/1/2034	6,640	0.74
€3,600,000	Medtronic Global 1.75% 2/7/2049	2,145	0.24
€7,900,000	Muenchener Rueckversicherungs-Gesellschaft in Muenchen 1% 26/5/2042	4,963	0.55
€9,860,000	Prologis Euro Finance 1% 6/2/2035	6,100	0.68
€8,950,000	Teva Pharmaceutical Finance Netherlands II 4.375% 9/5/2030 ^Ø	6,342	0.71
€18,015,000	TotalEnergies 2% Perpetual 17/4/2171	13,390	1.49

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€7,320,000	TotalEnergies 3.369% Perpetual 6/10/2170 ⁰	5,919	0.66
€9,500,000	ZF Finance 2% 6/5/2027 ⁰	6,522	0.73
€1,600,000	ZF Finance 2.25% 3/5/2028	1,046	0.12
		200,738	22.36

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
US DOLLAR – 0.00%; 28.2.2022 0.32%			
US Dollar Denominated Corporate Bonds – 0.00%; 28.2.2022 0.32%			

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
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DERIVATIVES – (2.12%); 28.2.2022 1.05%

Credit Default Swaps – (0.29%); 28.2.2022 0.57%

7,440,000	Bank of America Merrill Lynch (Credit Suisse) 1% 20/9/2024	10,000	71	0.01
(15,800,000)	Bank of America Merrill Lynch (iTraxx) 1% 20/6/2027	10,000	(90)	(0.01)
(151,440,000)	Barclays (iTraxx) 5% 20/6/2027	10,000	(2,831)	(0.32)
4,500,000	Barclays (Next) 1% 20/6/2025	3,813	74	0.01
5,700,000	Goldman Sachs (Britel) 1% 20/6/2027	5,859	64	0.00
4,500,000	Goldman Sachs (Next) 1% 20/6/2025	3,813	74	0.01
5,700,000	JP Morgan Chase Bank (Britel) 1% 20/6/2027	5,859	64	0.01
		49,344	(2,574)	(0.29)

Forward Currency Contracts – (0.69%); 28.2.2022 (0.02%)

€24,240,000	Euro vs UK sterling	20,828	292	0.02
£431,911,150	UK sterling vs Euro	438,258	(6,345)	(0.70)
£13,833,360	UK sterling vs US dollar	14,407	(574)	(0.06)
US\$17,270,000	US dollar vs UK sterling	14,867	430	0.05
		488,360	(6,197)	(0.69)

Futures – (0.06%); 28.2.2022 0.65%

(603)	Euro-Bobl September 2022	63,745	929	0.10
(159)	Euro-BTP September 2022	16,333	(399)	(0.04)
(1,080)	Euro-Bund September 2022	137,171	2,947	0.33
(13)	Euro-Buxl September 2022	1,838	92	0.01
2,181	Long Gilt December 2022	235,221	(3,996)	(0.45)
158	US 10 Year Note (CBT) December 2022	15,887	(126)	(0.01)
23	US 10 Year Ultra December 2022	2,475	(6)	0.00
		472,670	(559)	(0.06)

Inflation Swaps – (0.64%); 28.2.2022 (0.23%)

36,402,000	Goldman Sachs (UK sterling) 0% vs Variable 16/10/2031	20,000	(4,635)	(0.52)
12,598,000	Goldman Sachs (UK sterling) 0% vs Variable 16/2/2032	10,000	(1,096)	(0.12)
		30,000	(5,731)	(0.64)

Interest Rate Swaps – (0.44%); 28.2.2022 0.08%

9,900,000	Goldman Sachs (Euro) 0.1665% vs Variable 4/3/2032	20,000	(1,218)	(0.14)
9,920,000	Goldman Sachs (Euro) 0.187% vs Variable 2/3/2032	20,000	(1,209)	(0.13)
14,000,000	Goldman Sachs (Euro) 1.039% vs Variable 8/4/2032	20,000	(949)	(0.11)

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Exposure – Underlying Derivatives £000's	Market Value £000's	% of Total Net Assets
14,000,000	Goldman Sachs (Euro) 1.5635% vs Variable 9/5/2032	20,000	(571)	(0.06)
		80,000	(3,947)	(0.44)
Portfolio of investments			844,374	94.04
Net other assets			53,513	5.96
Total net assets			897,887	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 Bank of America Merrill Lynch, Barclays Bank Plc, BNP Paribas Arbitrage SNC, 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 Scotland Plc, Standard Chartered Bank and UBS AG.

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

Statement of Total Return (unaudited)

for the six months ended 31 August 2022

	31.8.2022	31.8.2021
£000's	£000's	£000's
Income		
Net capital (losses)/gains	(124,612)	19,674
Revenue	15,639	14,222
Expenses	(2,573)	(3,381)
Interest payable and similar charges	(1,521)	(818)
Net revenue before taxation	11,545	10,023
Taxation	(1)	–
Net revenue after taxation	11,544	10,023
Total return before distributions	(113,068)	29,697
Distributions	(14,116)	(13,404)
Change in net assets attributable to unitholders from investment activities	(127,184)	16,293

Statement of Change in Net Assets Attributable to Unitholders

(unaudited) for the six months ended 31 August 2022

	31.8.2022	31.8.2021
£000's	£000's	£000's
Opening net assets attributable to unitholders	1,086,140	1,249,528
Amounts receivable on issue of units	104,327	184,936
Amounts payable on cancellation of units	(173,387)	(177,810)
	(69,060)	7,126
Change in net assets attributable to unitholders from investment activities	(127,184)	16,293
Retained distribution on accumulation units	7,991	7,823
Closing net assets attributable to unitholders	897,887	1,280,770

The above statement shows the comparative closing net assets at 31 August 2021 whereas the current accounting period commenced 1 March 2022.

Balance Sheet (unaudited)

at 31 August 2022

	31.8.2022 £000's	28.2.2022 £000's
Assets:		
Fixed assets		
– Investment assets	868,419	1,087,582
Current assets		
– Debtors	15,992	16,328
– Cash and bank balances	32,099	4,517
– Cash collateral posted	17,498	10,683
Total assets	934,008	1,119,110
Liabilities:		
Investment liabilities	(24,045)	(3,233)
Creditors		
– Amounts held at futures clearing houses and brokers	(3,018)	(13,401)
– Bank overdrafts	–	(5,409)
– Distributions payable	(2,991)	(2,769)
– Other creditors	(6,067)	(8,158)
Total liabilities	(36,121)	(32,970)
Net assets attributable to unitholders	897,887	1,086,140

G D Bamping (Director)

M T Zemek (Director)

BlackRock Fund Managers Limited

28 October 2022

Notes to Financial Statements (unaudited)

for the six months ended 31 August 2022

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 2022 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 2022 and the income earned for the period ended 31 August 2022. 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.

% of lendable assets	Securities on loan	
	% of NAV	Income earned £000's
7.75	6.76	44

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 2022.

Counterparty	Counterparty's country of establishment	Securities Lending	
		Amount on loan	Collateral received
		£000's	£000's
Barclays Bank	UK	11,990	12,464
BNP Paribas	France	10,086	10,631
Deutsche Bank AG (Euroclear)	Germany	596	627
Goldman Sachs International	UK	4,434	4,631
HSBC Bank	UK	3,390	3,730
J.P. Morgan Securities Plc (Euroclear)	UK	4,511	4,697
Merrill Lynch International	UK	17,143	18,089
Morgan Stanley International	UK	8,579	8,921
Total		60,729	63,790

All securities on loan 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, as at 31 August 2022.

Currency	Cash collateral received £000's	Cash collateral posted £000's	Non-cash collateral received £000's	Non-cash collateral posted £000's
Securities lending transactions				
AUD	–	–	3	–
CAD	–	–	321	–
CNY	–	–	258	–
DKK	–	–	763	–
EUR	–	–	43,610	–
GBP	–	–	5,919	–
HKD	–	–	26	–
ILS	–	–	7	–
JPY	–	–	410	–
NOK	–	–	135	–
SEK	–	–	468	–
USD	–	–	11,870	–
Total	–	–	63,790	–

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 2022.

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	–	125	2,609	7,203	50,102	–	60,039
Equities							
Recognised equity index	–	–	–	–	–	3,707	3,707
ETFs							
Non-UCITS	–	–	–	–	–	44	44
Total	–	125	2,609	7,203	50,102	3,751	63,790

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 31 August 2022, 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), 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	46,508	–

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 as at 31 August 2022.

Issuer	Value £000's	% of the Fund's NAV
Merrill Lynch International	18,089	2.01
Barclays Bank plc	12,464	1.39
BNP Paribas Arbitrage SNC	10,631	1.18
Morgan Stanley & Co. International Plc	8,921	0.99
J.P.Morgan Securities Plc (Euroclear)	4,697	0.52
Goldman Sachs International	4,631	0.52
HSBC Bank Plc	3,730	0.42
Deutsche Bank AG (Euroclear)	627	0.07
Total	63,790	7.10

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 2022, the firm manages £7.13 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.

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