

# **BlackRock**



## **Interim report and unaudited financial statements**

BlackRock Emerging Markets Fund

For the six months ended 31 August 2023

NM1023U-3203149-1/22

# 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	13
Statement of Change in Net Assets Attributable to Unitholders	13
Balance Sheet	14
Notes to Financial Statements	15
Supplementary Information	16

# 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 Mepham  
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.

## Investment Adviser

BlackRock Financial Management, Inc  
55 East 52nd Street, New York, NY 10055, United States

Regulated by the Securities and Exchange Commission.

## 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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Dealing and Investor Services: 0800 44 55 22  
[www.blackrock.co.uk](http://www.blackrock.co.uk)

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

\* Non-executive Director.

## About the Fund

BlackRock Emerging Markets Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 4 August 1993. The Fund was previously known as Mercury Emerging Markets Fund. On 30 September 2000 the Fund changed its name to Merrill Lynch Emerging Markets 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 162615.

### 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 Gordon Fraser and Kevin Jia.

## 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.

### Russian Invasion of Ukraine

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



# 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 companies incorporated or listed in emerging markets.

Comparator benchmark	Investment management approach
MSCI Emerging Markets 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	(0.81)	(1.00)

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 (0.81%) and the active return was 0.19%, outperforming its comparator benchmark which returned (1.00%) (active return is the difference between the Fund's return and the comparator benchmark return).

Emerging market ("EM") equities started lower at the beginning of the period as the risk of financial contagion from the failure of regional US banks weighed on sentiment. Geopolitical tensions and profit-taking pushed China equities lower. Furthermore, fears around the US debt ceiling and China's disappointing reopening post COVID-19 added further downward pressure. On the other hand, the theme of generative artificial intelligence (AI) propelled the Technology sector to substantial gains, and Latin America performed well on the themes of nearshoring (securing supply chains by bringing them closer to home and out of China) in Mexico and interest rate cuts in Brazil. EM equities ended the period slightly down (-1.00%) despite efforts from China to address regulatory concerns and prop up its real estate sector amid US dollar strength and muted sentiment on China's future growth prospects.

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
Cyrela Brazil Realty <sup>#</sup>	0.66%	ENN Energy <sup>#</sup>	(1.02%)
Gold Fields <sup>#</sup>	0.63%	Li Ning <sup>#</sup>	(0.72%)
B3 <sup>#</sup>	0.63%	Sendas Distribuidora <sup>#</sup>	(0.58%)
Accton Technology <sup>#</sup>	0.61%	Shanghai International Airport <sup>#</sup>	(0.52%)
Kaspikz <sup>#</sup>	0.55%	Gangfeng Lithium <sup>^</sup>	(0.43%)

<sup>#</sup> Overweight position - holds more exposure than the comparator benchmark.

<sup>^</sup> Underweight position - holds less exposure than the comparator benchmark.

Stock selections in Brazil, including Cyrela and B3, did well on the back of a positive macro environment. South African mining company, Gold Fields also performed well, in line with broad increases in gold prices globally. Taiwan electronics company, Accton Technology, performed well on the back of investor interest in generative AI.

Positions in China, ENN Energy, Li Ning Co, and Shanghai International Airport, detracted from performance as China struggled with disappointing reopening post COVID-19. Brazilian grocery stock, Sendas Distribuidora, detracted over concerns that its majority shareholder, Casino, was struggling with liquidity after an announcement that it would be selling a portion of its holding in the company.



# 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	
Country	Active Weighting	Country	Active Weighting
Brazil	4.12%	Brazil	3.15%
Hungary	2.26%	China	2.22%
Kazakhstan	1.93%	Mexico	1.95%

Top underweight positions			
31 August 2023		28 February 2023	
Country	Active Weighting	Country	Active Weighting
Taiwan	(3.41%)	Taiwan	(3.77%)
Saudi Arabia	(3.21%)	India	(3.39%)
Korea	(2.72%)	Saudi Arabia	(2.80%)

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

During the period, the Fund closed its underweight to India after the team took a trip to the country, noting a reversal of the current account deficit to a surplus, a more appropriate monetary policy after interest rate hikes, and valuations coming down. We also took profits in Mexico, a country that did well on the trend of nearshoring. Lastly, the Fund added to Brazil as the market prepared for impending rate cuts and decreased China exposure amid a disappointing reopening.

## Net Asset Value

At 31 August 2023	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	874,194	4,229	483.8
A Accumulation	16,884,130	91,371	541.2
X Accumulation	33,958,124	39,579	116.6
D Income	16,183,784	78,657	486.0
D Accumulation	42,199,116	250,361	593.3
S Income	166	–	74.24
S Accumulation	81,148,811	87,060	107.3

## Distributions Payable for the period to 31 August 2023

Any income available will be distributed annually on 30 April.

## Operating Charges

Unit Class	1.3.2023 to 31.8.2023	1.3.2022 to 28.2.2023
A Income	1.73%	1.73%
A Accumulation	1.73%	1.73%
X Accumulation	0.09%	0.09%
D Income	0.99%	0.98%
D Accumulation	0.98%	0.98%
S Income	0.90%	0.89%
S Accumulation	0.90%	0.90%

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
<b>AFRICA – 0.97%; 28.2.2023 3.22%</b>			
<b>EQUITIES – 0.97%; 28.2.2023 3.22%</b>			
<b>Egypt – 0.00%; 28.2.2023 0.59%</b>			
<b>South Africa – 0.97%; 28.2.2023 2.63%</b>			
388,729	Gold Fields	3,935	0.71
141,666	Gold Fields <sup>o</sup>	1,456	0.26
		<b>5,391</b>	<b>0.97</b>
<b>ASIA AND PACIFIC – 65.31%; 28.2.2023 67.05%</b>			
<b>EQUITIES – 65.31%; 28.2.2023 67.05%</b>			
<b>China – 20.21%; 28.2.2023 26.08%</b>			
224,607	Alibaba	16,590	3.01
1,749,600	Alibaba	15,867	2.88
75,818	Baidu <sup>o</sup>	8,674	1.57
26,098,000	China Construction Bank	10,994	1.99
3,561,000	China Mengniu Dairy	9,434	1.71
5,202,000	China Oilfield Services	4,650	0.84
1,092,000	China Oilfield Services	1,749	0.32
26,000	Contemporary Ampere Technology	665	0.12
861,200	ENN Energy	5,325	0.97
739,200	Ganfeng Lithium	3,788	0.69
418,200	Ganfeng Lithium <sup>o</sup>	1,575	0.29
589,800	Haier Smart Home	1,438	0.26
35,300	Kweichow Moutai	7,048	1.28
123,200	New Oriental Education & Technology	525	0.10
123,759	New Oriental Education & Technology	5,298	0.96
141,600	Tencent	4,624	0.84
157,662	Tencent	5,228	0.95
309,300	WuXi AppTec <sup>o</sup>	2,671	0.48
591,500	WuXi AppTec	5,211	0.95
		<b>111,354</b>	<b>20.21</b>
<b>Hong Kong – 0.56%; 28.2.2023 1.79%</b>			
2,094,100	Euro-Asia Agriculture <sup>1</sup>	–	0.00
786,800	Link REIT	3,073	0.56
		<b>3,073</b>	<b>0.56</b>
<b>India – 13.59%; 28.2.2023 9.25%</b>			
3,485,157	Aditya Birla Capital	6,018	1.09
1,530,827	Axis Bank	14,141	2.57
673,014	Cipla	8,036	1.46
808,952	HDFC Bank	12,149	2.20
253,883	Hindustan Unilever	6,067	1.10
1,430,478	ICICI Prudential Life Insurance	7,654	1.39

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
222,944	Infosys	3,086	0.56
507,937	Infosys	6,951	1.26
160,363	InterGlobe Aviation	3,723	0.68
74,023	Maruti Suzuki India	7,052	1.28
		<b>74,877</b>	<b>13.59</b>
<b>Indonesia – 2.52%; 28.2.2023 1.61%</b>			
48,508,400	Bank Rakyat Indonesia Persero	<b>13,878</b>	<b>2.52</b>
<b>Kazakhstan – 1.96%; 28.2.2023 1.58%</b>			
132,727	Kaspi.KZ JSC	<b>10,781</b>	<b>1.96</b>
<b>Macau – 1.64%; 28.2.2023 2.32%</b>			
3,383,200	Sands China	<b>9,014</b>	<b>1.64</b>
<b>Malaysia – 0.00%; 28.2.2023 0.42%</b>			
<b>Saudi Arabia – 1.01%; 28.2.2023 1.06%</b>			
297,248	Saudi Basic Industries	<b>5,587</b>	<b>1.01</b>
<b>Singapore – 0.00%; 28.2.2023 0.14%</b>			
<b>South Korea – 9.79%; 28.2.2023 10.44%</b>			
39,617	Hansol Chemical <sup>o</sup>	3,815	0.69
221,048	Hanwha Solutions	4,801	0.87
16,164	Samsung Biologics <sup>o</sup>	7,108	1.29
957,966	Samsung Electronics	38,239	6.94
		<b>53,963</b>	<b>9.79</b>
<b>Taiwan – 11.46%; 28.2.2023 11.46%</b>			
527,000	Accton Technology	6,238	1.13
57,000	Alchip Technologies	3,479	0.63
832,000	Delta Electronics	7,129	1.29
2,907,000	Taiwan Semiconductor Manufacturing	39,522	7.17
12,193	Taiwan Semiconductor Manufacturing	912	0.17
152,000	Wiwynn	5,872	1.07
		<b>63,152</b>	<b>11.46</b>
<b>Thailand – 2.57%; 28.2.2023 0.90%</b>			
5,430,500	CP ALL	7,980	1.45
7,900,300	PTT	6,183	1.12
		<b>14,163</b>	<b>2.57</b>
<b>EUROPE – 4.78%; 28.2.2023 4.39%</b>			
<b>EQUITIES – 4.78%; 28.2.2023 4.39%</b>			
<b>Cyprus – 0.23%; 28.2.2023 0.00%</b>			
100,064	TCS <sup>1</sup>	1,263	0.23
30,699	TCS	–	0.00
		<b>1,263</b>	<b>0.23</b>

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Hungary – 1.50%; 28.2.2023 1.19%</b>			
253,505	OTP Bank	8,289	1.50
<b>Italy – 1.03%; 28.2.2023 1.15%</b>			
1,103,100	PRADA	5,679	1.03
<b>Netherlands – 0.46%; 28.2.2023 0.41%</b>			
46,865	Prosus	2,549	0.46
<b>Poland – 1.34%; 28.2.2023 1.64%</b>			
294,142	Bank Polska Kasa Opieki	6,092	1.10
168,960	Powszechny Zaklad Ubezpieczen	1,345	0.24
		<b>7,437</b>	<b>1.34</b>
<b>Russia – 0.22%; 28.2.2023 0.00%</b>			
862,314	Fix Price <sup>1</sup>	1,190	0.22
343,084	Gazprom	–	0.00
345,764	LUKOIL	–	0.00
61,881	Novatek	–	0.00
607,976	Sberbank of Russia	–	0.00
21,073,477	Surgutneftegas	2	0.00
		<b>1,192</b>	<b>0.22</b>
<b>MIDDLE EAST – 1.36%; 28.2.2023 1.90%</b>			
<b>EQUITIES – 1.36%; 28.2.2023 1.90%</b>			
<b>United Arab Emirates – 1.36%; 28.2.2023 1.90%</b>			
4,031,668	Abu Dhabi Commercial Bank	7,471	1.36
<b>NORTH AMERICA – 8.28%; 28.2.2023 7.00%</b>			
<b>EQUITIES – 8.28%; 28.2.2023 7.00%</b>			
<b>Canada – 1.40%; 28.2.2023 0.00%</b>			
599,574	Barrick Gold	7,726	1.40
<b>Mexico – 3.14%; 28.2.2023 4.88%</b>			
296,820	Grupo Aeroportuario del Pacifico	4,502	0.82
30,320	Grupo Aeroportuario del Pacifico	4,593	0.83

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
1,175,672	Grupo Financiero Banorte	8,195	1.49
		<b>17,290</b>	<b>3.14</b>
<b>Panama – 0.33%; 28.2.2023 1.50%</b>			
22,282	Copa <sup>o</sup>	1,839	0.33
<b>United States of America – 3.41%; 28.2.2023 0.62%</b>			
156,937	Cognizant Technology Solutions	8,848	1.60
34,286	EPAM Systems	6,907	1.25
8,290	Project Photon <sup>1</sup>	3,112	0.56
		<b>18,867</b>	<b>3.41</b>
<b>SOUTH AMERICA – 9.72%; 28.2.2023 9.47%</b>			
<b>EQUITIES – 9.72%; 28.2.2023 9.47%</b>			
<b>Brazil – 9.72%; 28.2.2023 8.34%</b>			
2,402,103	Ambev	5,493	1.00
1,026,520	Ambev	2,332	0.42
2,825,962	B3 - Brasil Bolsa Balcao	6,020	1.09
2,433,363	Banco Bradesco	5,949	1.08
1,089,315	Banco Bradesco	2,655	0.48
15,144,541	Hapvida Participacoes e Investimentos	10,916	1.98
879,730	Pagseguro Digital <sup>o</sup>	6,397	1.16
4,006,681	Sendas Distribuidora	7,630	1.38
316,873	Vale	3,331	0.60
140,783	XP	2,902	0.53
		<b>53,625</b>	<b>9.72</b>
<b>Peru – 0.00%; 28.2.2023 1.13%</b>			
<b>COLLECTIVE INVESTMENT SCHEMES – 8.19%; 28.2.2023 7.48%</b>			
<b>Short-term Money Market Funds – 8.19%; 28.2.2023 7.48%</b>			
572,084	BlackRock ICS US Dollar Liquid Environmentally Aware Fund Agency Income Class <sup>†</sup>	45,138	8.19

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
<b>DERIVATIVES – (0.02%); 28.2.2023 (0.32%)</b>				
<b>Contracts for differences ("CFDs") Short – (0.01%); 28.2.2023 0.00%</b>				
(446,197)	Commercial International Bank Egypt		646	(0.01)
<b>Contracts for differences ("CFDs") Long – 0.02%; 28.2.2023 (0.29%)</b>				
199,867	Asymchem Laboratories Tianjin	2,876	115	0.02
129,800	China Oilfield Services <sup>^</sup>	208	–	0.00
446,197	Commercial International Bank Egypt	646	69	0.01
394,248	Contemporary Amperex Technology	10,089	226	0.04
1,887,600	Haier Smart Home	4,801	35	0.01
1,876	Pagseguro Digital	14	1	0.00

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
68,133	Prosus	3,706	(191)	(0.04)
252,316	Wizz Air	5,793	(114)	(0.02)
101,300	WuXi AppTec	893	(4)	0.00
		<b>29,026</b>	<b>137</b>	<b>0.02</b>
<b>Futures – (0.03%); 28.2.2023 (0.03%)</b>				
	286 MSCI Emerging Markets Index September 2023	<b>11,075</b>	<b>(174)</b>	<b>(0.03)</b>
<b>Portfolio of investments</b>			<b>543,511</b>	<b>98.59</b>
Net other assets			7,746	1.41
<b>Total net assets</b>			<b>551,257</b>	<b>100.00</b>

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

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

The CFDs shown on page 11 are expressed at both their mark-to-market and original notional value, 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.

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

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

† Managed by a related party.

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

## 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	£000's
Income				
Net capital losses		(7,641)		(56,719)
Revenue	9,326		24,334	
Expenses	(2,847)		(3,252)	
Interest payable and similar charges	(508)		(129)	
Net revenue before taxation	5,971		20,953	
Taxation	(1,849)		(895)	
Net revenue after taxation		4,122		20,058
Total return before distributions		(3,519)		(36,661)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(3,519)</b>		<b>(36,661)</b>

## 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	£000's
<b>Opening net assets attributable to unitholders</b>		569,932		696,977
Amounts receivable on issue of units	133,274		167,865	
Amounts payable on cancellation of units	(148,430)		(177,378)	
		(15,156)		(9,513)
Change in net assets attributable to unitholders from investment activities		(3,519)		(36,661)
<b>Closing net assets attributable to unitholders</b>		<b>551,257</b>		<b>650,803</b>

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
<b>Assets:</b>		
Fixed assets		
– Investment assets	544,044	572,844
Current assets		
– Debtors	12,616	4,954
– Cash and bank balances	1,951	2,641
– Cash collateral posted	386	–
<b>Total assets</b>	<b>558,997</b>	<b>580,439</b>
<b>Liabilities:</b>		
Investment liabilities	(533)	(1,834)
Creditors		
– Cash collateral payable	–	(251)
– Distributions payable	–	(2,252)
– Other creditors	(7,207)	(6,170)
<b>Total liabilities</b>	<b>(7,740)</b>	<b>(10,507)</b>
<b>Net assets attributable to unitholders</b>	<b>551,257</b>	<b>569,932</b>

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	
8.98	4.11	49	5.38	(280)	

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

31 August 2023

<b>Counterparty</b>	<b>Counterparty's country of establishment</b>	<b>CFDs Underlying exposure £000's</b>
Goldman Sachs International	UK	18,882
HSBC Bank Plc	UK	7,085
J.P.Morgan Securities Plc	UK	3,705
<b>Total</b>		<b>29,672</b>

All securities on loan and CFDs have an open maturity tenor as they are recallable 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
<b>Securities lending transactions</b>				
AUD	–	–	93	–
CAD	–	–	899	–
CHF	–	–	123	–
CNY	–	–	1,056	–
DKK	–	–	7	–
EUR	–	–	3,756	–
GBP	–	–	530	–
HKD	–	–	118	–
JPY	–	–	4,816	–
SEK	–	–	11	–
SGD	–	–	30	–
USD	–	–	13,534	–
<b>Total</b>	–	–	<b>24,973</b>	–
<b>OTC FDIs</b>				
GBP	–	386	–	–
	–	<b>386</b>	–	–
<b>Total</b>	–	<b>386</b>	<b>24,973</b>	–

All cash 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.

## 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
<b>Collateral received - securities lending</b>							
<b>Fixed income</b>							
Investment grade	–	1	2	–	5,303	–	<b>5,306</b>
<b>Equities</b>							
Recognised equity index	–	–	–	–	–	19,153	<b>19,153</b>
<b>ETFs</b>							
UCITS	–	–	–	–	–	2	<b>2</b>
Non-UCITS	–	–	–	–	–	512	<b>512</b>
<b>Total</b>	<b>–</b>	<b>1</b>	<b>2</b>	<b>–</b>	<b>5,303</b>	<b>19,667</b>	<b>24,973</b>

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

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

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

## 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.

<b>Issuer</b>	<b>Value £000's</b>	<b>% of the Fund's NAV</b>
United States of America (Government)	2,038	0.37
Alibaba Group Holding Ltd	1,108	0.20
Southern Co	995	0.18
Meta Platforms Inc	984	0.18
Salesforce Inc	972	0.18
Freeport-McMoRan Inc	922	0.17
Pinterest Inc	898	0.16
Oracle Corp	874	0.16
Tencent Holdings Ltd	663	0.12
Honeywell International Inc	634	0.12
Other issuers	14,885	2.69
<b>Total</b>	<b>24,973</b>	<b>4.53</b>

# 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?

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