

# **BlackRock**



## **Interim report and audited financial statements**

BlackRock Continental European Fund

For the six months ended 31 August 2021

NM1121U-1900733-1/21

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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 (Appointed 29 April 2021)  
A M Lawrence  
H N Mepham  
M T Zemek\*

## Trustee & Custodian

The Bank of New York Mellon (International) Limited  
One Canada Square, London E14 5AL

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

## Investment Manager

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

Authorised and regulated by the FCA.

## Stock Lending Agent

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

Authorised and regulated by the FCA

## Auditor

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

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

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

BlackRock Fund Managers Limited  
12 Throgmorton Avenue, London EC2N 2DL  
Telephone: 020 7743 3000  
Dealing and Investor Services: 0800 44 55 22  
blackrock.co.uk

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

\* Non-executive Director.

## About the Fund

BlackRock Continental European Fund (the “Fund”) is a UCITS scheme under the COLL Sourcebook. The Fund was established on 8 November 1983. The Fund has previously been known as Mercury European Growth Fund then, with effect from 30 September 2000, Merrill Lynch European Growth Fund. On 1 October 2001 the Fund changed its name to Merrill Lynch Continental European 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 108389.

### 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 30 October 2020 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 on 29 October 2021.

## Fund Managers

As at 31 August 2021, the Fund Managers of the Fund are Stefan Gries and Giles Rothbarth.

## Significant Events

### Changes in the Directors of the Manager

B Harrison was appointed as a Director effective 29 April 2021.

### Outbreak of COVID-19

The infectious respiratory illness caused by a novel coronavirus known as COVID-19 has given rise to an extended global pandemic. The impact of this significant event on the Fund’s financial risk exposure is disclosed in Note 2.

The Manager has assessed the impact of market conditions arising from the COVID-19 outbreak on the Fund’s ability to meet its investment objectives. Based on the latest available information, the Fund continues to be managed in line with its investment objective, with no disruption to the operations of the Fund and the publication of net asset values.

### Eligible Securities Markets

The list of eligible securities markets applicable to the Fund has been updated in the Prospectus.

### Annual Service Charge

Effective 30 June 2021, the Annual Service Charge levied against the Fund in respect to the servicing of unitholders was reduced. The new rates will be shown in the Prospectus by the end of 2021.



# Investment Report

for the six months ended 31 August 2021

## 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 equities (i.e. shares) of companies incorporated or listed in Europe excluding the UK.

### Comparator benchmark

FTSE World Europe ex-UK Index

### Investment management approach

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 2021.

The returns disclosed, based on bid-to-bid dealing prices (the price at which units are sold) and 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 return %	Comparator benchmark %
Class D Accumulation Units	29.28	18.12

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. Changes in exchange rates may cause the value of an investment to fluctuate. 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"), posted a return of 15.61% (in GBP terms) for the six months ended 31 August 2021. The financial period began as mass COVID-19 vaccination programmes were in their early stages. Optimism about the prospect of a vaccine led return to normality drove a strong economic rebound and significant gains for most equities.

Patterns of economic growth varied in different regions of the world, as some economies declined again following the rapid rebound of markets in the second half of 2020, while others continued to expand. The US economy grew at a robust pace in the first half of 2021, due to increased consumer spending, while Japanese growth stalled. The UK economy contracted in the first quarter of 2021, before rebounding in the second quarter amid a surge in vaccinations. The Eurozone briefly fell into a recession in the first quarter of 2021 but returned to modest growth in the second quarter.

Emerging market economic performance varied, as growth stalled in Brazil and India, but continued in South Korea. China posted positive economic growth in the first half of 2021, although factory output and consumer sales showed signs of slowing by period end.

Renewed economic growth was supported by action from central banks, a key catalyst for the global equity rally. The US Federal Reserve ("the Fed") kept interest rates near zero and maintained major bond buying programmes to stabilise US Treasury and government agency debt markets. The Fed debated a reduction of asset purchases but indicated that it remains committed to a near zero interest rate policy, even if inflation (rate of increase in the prices of goods and services) does temporarily rise.

# Investment Report continued

The Bank of England (“BoE”) also maintained its near zero interest rate policy and a significant quantitative easing programme (a monetary policy where it buys bonds in order to inject money into the economy and lower the interest rates on savings and loans). However, inflation near the end of the period reached or topped the BoE’s inflation target of 2%, leading to concern among some investors that the BoE could return to tighter monetary policy in 2022. Inflation pressure late in the financial period also affected the Eurozone, which led investors to expect that the European Central Bank would also face pressure to pursue a less accommodating monetary policy.

Most global equities increased in value throughout the financial period amid government efforts to distribute COVID-19 vaccines, with nearly 40% of the global population receiving at least one dose by the end of the period. High savings and the resumption of some leisure activities led to increased consumer spending as pent-up demand began to be released, while strong demand amid stock shortages led to a widespread resurgence in manufacturing activity and global trade. The surge in spending and constraints in some supply chains led to higher inflation during the reporting period.

Global bond performance was relatively muted, as heightened inflation expectations put pressure on returns. Corporate bonds gained only slightly amid high rates of issuance, as companies took advantage of low borrowing costs. US Treasuries gained in value, particularly longer-term bonds despite concerns that the Fed could raise interest rates earlier than expected due to rising inflation. Similarly, yields (which move inversely to prices) declined somewhat for most Japanese, UK, and European government bonds.

Emerging market equities posted a modest decline amid concerns that the fast spreading COVID-19 delta variant would interrupt growth. An abrupt shift in China’s regulatory regime, particularly towards companies in the technology, education and gaming industries, also constrained emerging market equity returns. Emerging market bonds gained in value amid investors’ search for yield, outpacing other international bonds for the financial period.

In the commodities market, gold prices fluctuated over the financial period before ending slightly higher, as investors’ appetite for riskier assets increased amid the economic recovery. This created a headwind for gold as a perceived safe haven, but rising inflation expectations provided a tailwind for gold as an inflation hedge. Brent crude oil prices advanced notably, driven in part by strong demand from Asia, as the prospects for further economic growth improved and global trade rebounded. Supply and demand shifts induced by the pandemic and subsequent recovery led to significant volatility (market ups and downs) in the price of some commodities, notably timber, which rose to an all time high in May 2021 before declining sharply, ending the financial period significantly lower.

On the foreign exchanges, the US dollar rose against most other currencies, as a shift in tone from the Fed, which indicated the possibility of rate increases late in 2023, led to a strengthening US dollar. The Japanese yen, the euro, the Swiss franc, and the pound sterling declined against the US dollar, while the Chinese yuan was nearly flat.

## Fund Performance Review and Activity

Over the six month period to 31 August 2021, the Fund’s active return was 11.16%, outperforming its comparator benchmark (active return is the difference between the Fund’s return and the comparator benchmark return).

# Investment Report continued

A strong earnings reporting season for the European market proved a primary driver of market return through the period. Market exuberance for the most cyclical companies (those with the greatest sensitivity to the economic cycle), as they reported recovering earnings post the COVID-19 troughs, gave way to a hunt for higher quality stocks in the latter part of the period. Growth remains reasonably underpinned for the economy but may begin to slow in certain parts of the market, increasing the need for careful stock selection.

The Fund delivered strong outperformance as many of our favoured stocks delivered exceptionally strong earnings results, not only versus 2020, but versus 2019 levels. Actions taken by management teams have, in some instances, improved businesses in the portfolio over the period, or helped prove their resilience. A number of portfolio companies are so well underpinned, management have confidence and visibility on earnings for a multi-year duration. Aligning our conviction and capital to these businesses, we believe, can generate attractive returns over the long-term.

During the financial 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
Straumann <sup>#</sup>	1.33%	Safran <sup>#</sup>	(0.60%)
IMCD <sup>#</sup>	1.17%	Neste <sup>#</sup>	(0.55%)
Sika <sup>#</sup>	1.04%	Amadeus IT <sup>#</sup>	(0.53%)
DSV Panalpina <sup>#</sup>	1.04%	Mastercard <sup>#</sup>	(0.52%)
Lonza <sup>#</sup>	1.01%	Logitech International <sup>#</sup>	(0.40%)

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

The top contributor to portfolio performance was dental implant manufacturer, Straumann. The company reported sales growing at a rate of 34% versus 20% consensus, with strength across the regions as consumer confidence and disposable income trends remain supportive. With sustainable cost cuts made in the business, we believe profitability stands to also be higher going forward.

Aerospace engine manufacturer, Safran, proved the largest detractor. Europe's slower vaccine roll out at the onset of the year, as well as the Delta variant of COVID-19 spreading, has once again pushed out travel recovery. This has somewhat weighed on Safran's returns.

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 2021 and 28 February 2021:

Top overweight positions			
31 August 2021		28 February 2021	
Sector	Active Weighting	Sector	Active Weighting
Technology	12.00%	Technology	10.90%
Industrials	6.30%	Industrials	5.30%
Consumer Discretionary	5.20%	Consumer Services	4.30%

# Investment Report continued

<b>Top underweight positions</b>			
<b>31 August 2021</b>		<b>28 February 2021</b>	
<b>Sector</b>	<b>Active Weighting</b>	<b>Sector</b>	<b>Active Weighting</b>
Financials	(8.70%)	Financials	(10.60%)
Consumer Staples	(4.80%)	Utilities	(4.70%)
Utilities	(4.30%)	Basic Materials	(2.80%)

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

The portfolio composition did not meaningfully change over the period. Our strategies typically have a duration of 3-5 years at minimum and we seek to generate outperformance over similar horizons. We have added to strategies where share price set back has provided opportunity, such as in some of the higher quality European companies through the first quarter of 2021. We have also taken advantage of new issuance, participating in the initial public offering (IPO) of a financial services company with a strong market presence, growth and potential for margin expansion.

## Net Asset Value

At 31 August 2021	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	441,778	16,492	3,733
A Accumulation	4,234,233	192,146	4,538
X Accumulation	21,505,418	59,497	276.7
D Income	4,607,670	175,480	3,808
D Accumulation	14,717,140	716,252	4,867

## Distributions Payable for the period to 31 August 2021

Any income available will be distributed annually on 30 April.

## Operating Charges

Unit Class	1.3.2021 to 31.8.2021	1.3.2020 to 28.2.2021
A Income	1.67%	1.68%
A Accumulation	1.67%	1.68%
X Accumulation	0.02%	0.03%
D Income	0.92%	0.93%
D Accumulation	0.91%	0.92%

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 2021

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>EQUITIES – 98.21%; 28.2.2021 98.72%</b>			
<b>Belgium – 0.00%; 28.2.2021 0.71%</b>			
<b>Denmark – 19.23%; 28.2.2021 18.82%</b>			
157,909	Chemometec <sup>o</sup>	18,544	1.60
326,065	DSV Panalpina	60,999	5.26
450,569	Netcompany <sup>o</sup>	42,497	3.66
705,174	Novo Nordisk	52,043	4.49
520,475	Royal Unibrew	48,970	4.22
		<b>223,053</b>	<b>19.23</b>
<b>Finland – 2.13%; 28.2.2021 2.55%</b>			
559,108	Neste	<b>24,701</b>	<b>2.13</b>
<b>France – 13.07%; 28.2.2021 15.70%</b>			
996,921	ALD	10,282	0.89
24,957	Hermes International	26,663	2.30
56,417	Kering	32,581	2.81
108,824	LVMH Moët Hennessy Louis Vuitton	58,516	5.05
259,809	Safran	23,430	2.02
		<b>151,472</b>	<b>13.07</b>
<b>Germany – 3.22%; 28.2.2021 6.45%</b>			
51,637	adidas	13,273	1.14
29,131	Rational	24,137	2.08
		<b>37,410</b>	<b>3.22</b>
<b>Ireland – 2.04%; 28.2.2021 1.68%</b>			
283,294	Kingspan	<b>23,653</b>	<b>2.04</b>
<b>Italy – 5.42%; 28.2.2021 6.18%</b>			
110,338	DiaSorin <sup>o</sup>	18,214	1.57
151,249	Ferrari <sup>o</sup>	23,823	2.05
1,538,470	FinecoBank Banca Fineco	20,873	1.80
		<b>62,910</b>	<b>5.42</b>
<b>Netherlands – 12.66%; 28.2.2021 11.47%</b>			
128,596	ASML	78,167	6.74
472,761	BE Semiconductor Industries	31,532	2.72

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
257,970	IMCD	37,062	3.20
		<b>146,761</b>	<b>12.66</b>
<b>Poland – 1.69%; 28.2.2021 1.91%</b>			
1,481,048	Allegro.eu <sup>o</sup>	<b>19,592</b>	<b>1.69</b>
<b>Spain – 2.13%; 28.2.2021 1.78%</b>			
561,535	Amadeus IT <sup>o</sup>	<b>24,644</b>	<b>2.13</b>
<b>Sweden – 7.00%; 28.2.2021 6.04%</b>			
492,256	Atlas Copco <sup>o</sup>	24,769	2.14
514,221	Avanza Bank <sup>o</sup>	14,433	1.24
632,511	Epiroc	10,200	0.88
2,502,468	Hexagon	31,797	2.74
		<b>81,199</b>	<b>7.00</b>
<b>Switzerland – 23.20%; 28.2.2021 19.33%</b>			
314,169	Logitech International <sup>o</sup>	23,732	2.05
106,335	Lonza	65,720	5.67
20,405	Partners	26,395	2.28
235,909	Sika <sup>o</sup>	62,383	5.38
669,024	STMicroelectronics	21,811	1.88
28,619	Straumann	40,353	3.48
92,004	VAT	28,476	2.46
		<b>268,870</b>	<b>23.20</b>
<b>United Kingdom – 4.26%; 28.2.2021 3.07%</b>			
1,330,341	Allfunds	17,314	1.49
1,473,631	RELX	32,070	2.77
		<b>49,384</b>	<b>4.26</b>
<b>United States of America – 2.16%; 28.2.2021 3.03%</b>			
97,517	Mastercard <sup>o</sup>	<b>25,005</b>	<b>2.16</b>
<b>COLLECTIVE INVESTMENT SCHEMES – 0.94; 28.2.2021 0.74%</b>			
<b>Short-term Money Market Funds – 0.94%; 28.2.2021 0.74%</b>			
109,175	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class <sup>†</sup>	<b>10,919</b>	<b>0.94</b>

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
<b>DERIVATIVES – 0.01%; 28.2.2021 (0.01%)</b>				
<b>Futures – 0.01%; 28.2.2021 (0.01%)</b>				
	528 Euro Stoxx 50 September 2021	19,015	65	0.01
<b>Portfolio of investments</b>			<b>1,149,638</b>	<b>99.16</b>
Net other assets			10,229	0.84
<b>Total net assets</b>			<b>1,159,867</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.

<sup>0</sup> All or a portion of this investment represents a security on loan.

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

## Statement of Total Return (unaudited)

for the six months ended 31 August 2021

	31.8.2021	31.8.2020
£000's	£000's	£000's
Income		
Net capital gains	247,972	108,998
Revenue	7,718	6,391
Expenses	(4,854)	(3,513)
Interest payable and similar charges	(4)	(4)
Net revenue before taxation	2,860	2,874
Taxation	(776)	(666)
Net revenue after taxation	2,084	2,208
<b>Change in net assets attributable to unitholders from investment activities</b>	<b>250,056</b>	<b>111,206</b>

## Statement of Change in Net Assets Attributable to Unitholders

(unaudited) for the six months ended 31 August 2021

	31.8.2021	31.8.2020
£000's	£000's	£000's
<b>Opening net assets attributable to unitholders</b>	<b>793,507</b>	<b>631,594</b>
Amounts receivable on issue of units	223,715	76,574
Amounts payable on cancellation of units	(107,411)	(98,929)
	116,304	(22,355)
Change in net assets attributable to unitholders from investment activities	250,056	111,206
<b>Closing net assets attributable to unitholders</b>	<b>1,159,867</b>	<b>720,445</b>

The above statement shows the comparative closing net assets at 31 August 2020 whereas the current accounting period commenced 1 March 2021.

# Balance Sheet (unaudited)

at 31 August 2021

	31.8.2021 £000's	28.2.2021 £000's
<b>Assets:</b>		
Fixed assets		
– Investment assets	1,149,638	789,239
Current assets		
– Debtors	8,608	9,611
– Cash and bank balances	9,326	2,388
<b>Total assets</b>	<b>1,167,572</b>	<b>801,238</b>
<b>Liabilities:</b>		
Investment liabilities	–	(73)
Creditors		
– Distributions payable	–	(31)
– Other creditors	(7,705)	(7,627)
<b>Total liabilities</b>	<b>(7,705)</b>	<b>(7,731)</b>
<b>Net assets attributable to unitholders</b>	<b>1,159,867</b>	<b>793,507</b>

G D Bamping (Director)

M T Zemek (Director)

BlackRock Fund Managers Limited

26 October 2021

# Notes to Financial Statements (unaudited)

for the six months ended 31 August 2021

## 1. 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 2021 and are described in those annual financial statements.

## 2. Financial risks

The Fund's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The risks are substantially consistent with those disclosed in the previous annual financial statements with the exception of those outlined below.

### Market risk arising from price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Fund and market prices of its investments.

The infectious respiratory illness caused by a novel coronavirus known as COVID-19 has given rise to an extended global pandemic. This coronavirus has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions, and lower consumer demand, as well as general concern and uncertainty. While developments are being made with a view to ameliorating the effects of the pandemic, including the adoption in many countries of widescale vaccination programmes, the impact of COVID-19 continues to adversely affect the economies of many nations across the entire global economy, individual issuers and capital markets. It is not yet possible to predict with any accuracy how long this impact will continue to be felt. In addition, the impact of infectious illnesses in emerging market countries may be greater in impact, and more prolonged in duration, due to generally less established healthcare systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

# 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, the Prospectus, as amended from time to time, and the ESMA Guidelines (as adopted by the FCA), employ techniques and instruments relating to transferable securities. These include repurchases/reverse repurchase transactions ("repo transactions") and securities lending, provided that such techniques and instruments are used for efficient portfolio management purposes.

## 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 2021 and the income earned for the period ended 31 August 2021. Total lendable assets represents the aggregate value of assets forming part of the Fund's securities lending programme. This excludes any assets held by the Fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan		
% of lendable assets	% of NAV	Income earned £000's
7.66	6.86	56

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 2021.

Counterparty	Counterparty's country of establishment	Securities Lending	
		Amount on loan £000's	Collateral received £000's
Barclays Capital Securities Limited	UK	3,461	3,949
Citigroup Global Markets Limited	UK	275	379
Credit Suisse AG Dublin Branch	Ireland	4,277	4,654
Credit Suisse International	UK	4,251	4,624
Deutsche Bank AG	Germany	4,133	4,601
HSBC Bank Plc	UK	33,057	35,760
J.P. Morgan Securities Plc	UK	258	286
Merrill Lynch International	UK	15,165	17,823
Morgan Stanley & Co. International Plc	UK	12,634	13,869
UBS AG	Switzerland	2,041	2,237
<b>Total</b>		<b>79,552</b>	<b>88,182</b>

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, as at 31 August 2021.

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	–	–	952	–
CAD	–	–	5,047	–
CHF	–	–	286	–
CNY	–	–	596	–
DKK	–	–	1,429	–
EUR	–	–	23,654	–
GBP	187	–	10,879	–
HKD	–	–	134	–
JPY	–	–	12,387	–
NOK	–	–	19	–
NZD	–	–	757	–
SEK	–	–	2,564	–
SGD	–	–	252	–
THB	–	–	5	–
USD	–	–	29,034	–
<b>Total</b>	<b>187</b>	<b>–</b>	<b>87,995</b>	<b>–</b>

As at 31 August 2021, 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.

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions 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 2021 is summarised below. These returns represent the accumulative total return of the representative money market fund for the period ended 31 August 2021. These returns do not take into account any interest payable to the counterparty under the relevant collateral arrangements.

Money market fund	Total return %
<b>Institutional Cash Series plc</b>	
BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class	0.04

## 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 2021.

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	–	5	47	1,105	42,708	–	<b>43,865</b>
<b>Equities</b>							
Recognised equity index	–	–	–	–	–	39,660	<b>39,660</b>
<b>ETFs</b>							
Non-UCITS	–	–	–	–	–	4,470	<b>4,470</b>
<b>Total</b>	<b>–</b>	<b>5</b>	<b>47</b>	<b>1,105</b>	<b>42,708</b>	<b>44,130</b>	<b>87,995</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 2021, all non-cash collateral received by the Fund in respect of securities lending transactions is held by the Fund's Trustee (or through its delegates).

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions as at 31 August 2021.

<b>Issuer</b>	<b>Value £000's</b>	<b>% of the Fund's NAV</b>
HSBC Bank Plc	35,760	3.08
Merrill Lynch International	17,823	1.54
Morgan Stanley & Co. International Plc	13,869	1.20
Credit Suisse AG Dublin Branch	4,654	0.40
Credit Suisse International	4,624	0.40
Deutsche Bank AG	4,601	0.40
Barclays Capital Securities Limited	3,762	0.32
UBS AG	2,237	0.19
Citigroup Global Markets Limited	379	0.03
J.P. Morgan Securities Plc	286	0.03
<b>Total</b>	<b>87,995</b>	<b>7.59</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 2021, the firm manages £6.8 trillion across asset classes in separate accounts, mutual funds, other pooled investment vehicles, and the industry-leading iShares® exchange-traded funds.

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## Want to know more?

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