BlackRock

# Annual report and audited financial statements

## BlackRock Non-UCITS Retail Funds

- BlackRock Managed Volatility Fund
- BlackRock Managed Volatility Fund I
- BlackRock Managed Volatility Fund II
- BlackRock Managed Volatility Fund III
- BlackRock Managed Volatility Fund IV
- BlackRock UK Managed Volatility Fund I
- BlackRock UK Managed Volatility Fund II
- BlackRock UK Managed Volatility Fund III
- BlackRock Volatility Strategy Fund I
- BlackRock Volatility Strategy Fund II
- BlackRock Volatility Strategy Fund III
- BlackRock Volatility Strategy Fund IV

**For the financial year ended 28 February 2025**

NM0625U-4588098-1/226

# Contents


| | |
|---|---|
| General Information | 2 |
| About the Trust | 3 |
| Fund Manager | 3 |
| Significant Events | 4 |
| Subsequent Events | 4 |
| Investment Manager's Report | 5 |
| Report on Remuneration | 11 |
| Accounting and Distribution Policies | 18 |
| Financial Instruments and Risks | 21 |
| BlackRock Managed Volatility Fund | 38 |
| BlackRock Managed Volatility Fund I | 54 |
| BlackRock Managed Volatility Fund II | 70 |
| BlackRock Managed Volatility Fund III | 86 |
| BlackRock Managed Volatility Fund IV | 101 |
| BlackRock UK Managed Volatility Fund I | 116 |
| BlackRock UK Managed Volatility Fund II | 131 |
| BlackRock UK Managed Volatility Fund III | 146 |
| BlackRock Volatility Strategy Fund I | 161 |
| BlackRock Volatility Strategy Fund II | 175 |
| BlackRock Volatility Strategy Fund III | 189 |
| BlackRock Volatility Strategy Fund IV | 202 |
| Statement of Manager's and Trustee's Responsibilities | 215 |
| Report of the Trustee | 215 |
| Independent Auditor's Report | 216 |
| Supplementary Information | 222 |

# General Information

**Manager, Registrar & Alternative Investment Fund Manager**
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") with permission to carry on the activities of managing an alternative investment fund in the United Kingdom. As such, the Manager has been appointed to be the alternative investment fund manager of the Funds, each of which is an alternative investment fund for the purpose of the Alternative Investment Fund Managers Directive.

**Directors of the Manager**
G D Bamping*
W I Cullen* (Resigned 31 January 2025)
D Edgar
T S Hale (Appointed 16 April 2024)
A M Lawrence (Resigned 30 April 2025)
A Lewis* (Appointed 13 January 2025)
H N Mepham (Resigned 30 June 2024)
S Sabin
M Seymour (Appointed 3 December 2024)
M T Zemek*

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

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

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

Authorised and regulated by the FCA.

**Stock Lending Agent**
BlackRock Advisors (UK) Limited
12 Throgmorton Avenue, London EC2N 2DL

Authorised and regulated by the FCA.

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

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

**This Report relates to the packaged products of and is issued by:**
BlackRock Fund Managers Limited
12 Throgmorton Avenue, London EC2N 2DL
Telephone: 020 7743 3000
Dealing and Investor Services: 0800 44 55 22
www.blackrock.co.uk

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

* Non-executive Director.

# About the Trust

BlackRock Non-UCITS Retail Funds (the "Trust") is organised as an umbrella unit trust scheme comprising separate funds with segregated liability (each referred to as a "Fund" and collectively the "Funds").

The Trust is an authorised unit trust scheme and each Fund qualifies as a non-UCITS retail scheme under the FCA's Collective Investment Schemes Sourcebook (the "COLL Sourcebook").

### Cross sub-fund holdings within the Trust

As at 28 February 2025 and 29 February 2024 there were no cross sub-fund holdings within the Trust.

### The Alternative Investment Fund Managers Regulations 2013

BlackRock Fund Managers Limited (the "Manager") is authorised to manage and market the Funds, which are alternative investment funds, in accordance with the "AIFMD".

In this document the term "AIFMD" means, the UK Alternative Investment Fund Managers Regulations 2013, together with any other implementing measure which operated to transpose AIFMD into UK law before 31 January 2020, and the UK versions of Commission Delegated Regulation (EU) No 231/2013 and any other delegated regulations in respect of the AIFMD, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018.

### 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 2024 in a composite report for all funds managed by BlackRock Fund Managers Limited subject to these requirements.

### Task Force on Climate-Related Financial Disclosures – TCFD Product Report

The Manager has produced a supplemental TCFD Product Report in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and FCA requirements for TCFD reporting. These disclosures describe how the Manager incorporates climate-related risks and opportunities into governance, strategy, risk management, metrics and targets. The latest report is available at https://www.blackrock.com/uk/literature/public-disclosure/tcfd-product-level-disclosure-report-acsii.pdf.

### Sustainability Disclosure Requirements – Sustainability Product Report

The Manager has produced a supplemental Sustainability Product Report in accordance with FCA sustainability disclosure requirements. The Sustainability Product Report provides key annual metrics on sustainability performance, goals, and alignment with environmental, social, and governance ("ESG") principles. This report aims to enhance transparency by outlining how our products contribute to sustainable outcomes, and track against defined objectives. The report will be available at www.blackrock.com/uk/education/library?keyword=SDR+Sustainability+Product+Report+BIF+BCIF+Retail from 30 June 2025.

# Fund Manager

As at 28 February 2025, the Fund Manager was Julian Steeds.

# Significant Events

### Changes in the Directors of the Manager

T S Hale was appointed as a Director effective 16 April 2024.

H N Mepham resigned as a Director effective 30 June 2024.

M Seymour was appointed as a Director 3 December 2024.

A Lewis was appointed as a Director effective 13 January 2025.

W I Cullen resigned as a Director effective 31 January 2025.

### Fund Closure

As set out in the letter to unitholders dated 18 July 2024, the BlackRock Volatility Strategy Fund I , BlackRock Volatility Strategy Fund II, BlackRock Volatility Strategy Fund III and the BlackRock Volatility Strategy Fund IV closed on 7 November 2024. The size of the Funds was circa £34 million, £173 million, £20 million and £7 million respectively as of 5 July 2024, and the Manager did not expect to raise subscriptions in the near future. At this size, the Manager considered the Funds to be no longer commercially viable and, as a result and in accordance with the rules of the UK Financial Conduct Authority, the Manager has decided to close them. As at 7 November 2024, all units in the Fund were cancelled. Consequently, these financial statements are not prepared on a going concern basis for the financial year ended 28 February 2025 but on a break-up basis.

# Subsequent Events

### Changes in the Directors of the Manager

A M Lawrence resigned as a Director effective 30 April 2025.

There have been no other significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# Investment Manager's Report

for the year ended 28 February 2025

## Investment Objective

**BlackRock Managed Volatility Fund**
**BlackRock Managed Volatility Fund I**
**BlackRock Managed Volatility Fund II**
**BlackRock Managed Volatility Fund III**
**BlackRock Managed Volatility Fund IV**

The aim of the Funds is to manage the volatility (i.e. the degree of fluctuation of the returns) of its portfolio of investments at or around 5%, 6%, 8%, 10% and 15%, respectively, and provide a return on your investment (generated through an increase in the value of the assets held by the Funds and/or income received from those assets). Volatility, for this purpose, is measured as the volatility of the Fund's daily portfolio returns over the previous 60 Business Days, with each relevant Business Day's volatility given equal weight in such measurement, converted into an annual rate.

**BlackRock UK Managed Volatility Fund I**
**BlackRock UK Managed Volatility Fund II**
**BlackRock UK Managed Volatility Fund III**

The aim of the Funds is to manage the volatility (i.e. the degree of fluctuation of the returns) of its portfolio of investments at or around 5%, 7% and 9%, respectively, and provide a return on your investment (generated through an increase in the value of the assets held by the Funds and/or income received from those assets). Volatility, for this purpose, is measured as the volatility of the Fund's daily portfolio returns over the previous 120 Business Days, with each relevant Business Day's volatility given equal weight in such measurement, converted into an annual rate. The Funds aim to maintain the volatility of the Funds between 4% and 6%, 6% and 8% and, 8% and 10%, respectively.

**BlackRock Volatility Strategy Fund I**
**BlackRock Volatility Strategy Fund II**
**BlackRock Volatility Strategy Fund III**
**BlackRock Volatility Strategy Fund IV**

The aim of the Funds is to manage the volatility (i.e. the degree of fluctuation of the returns) of its portfolio of investments at or around 9%, 11%, 13% and 15%, respectively, and provide a return on your investment (generated through an increase in the value of the assets held by the Funds and/or income received from those assets). Volatility, for this purpose, is the annualised, equal-weighted volatility of the monthly portfolio returns over multiple average business cycles (defined by the Manager as a 10 year period), with the aim of maintaining the volatility of the Funds below 10%, 12%, 14% and 16%, respectively.

The following table outlines the investment management approach adopted for each Fund:

| Fund name | Investment management approach |
|---|---|
| BlackRock Managed Volatility Fund | Active |
| BlackRock Managed Volatility Fund I | Active |
| BlackRock Managed Volatility Fund II | Active |
| BlackRock Managed Volatility Fund III | Active |
| BlackRock Managed Volatility Fund IV | Active |
| BlackRock UK Managed Volatility Fund I | Active |
| BlackRock UK Managed Volatility Fund II | Active |

| Fund name | Investment management approach |
|---|---|
| BlackRock UK Managed Volatility Fund III | Active |
| BlackRock Volatility Strategy Fund I | Active |
| BlackRock Volatility Strategy Fund II | Active |
| BlackRock Volatility Strategy Fund III | Active |
| BlackRock Volatility Strategy Fund IV | Active |

### Performance Summary

The following table compares the Funds' realised performance against the performance of the relevant benchmark during the financial year ended 28 February 2025.

| | Fund Return % | Average realised 60 days Volatility % | Target Volatility % |
|---|---|---|---|
| BlackRock Managed Volatility Fund – Class C Accumulation Units | 7.02 | 4.40 | 5.0 |
| BlackRock Managed Volatility Fund I – Class C Accumulation Units | 8.58 | 5.20 | 6.0 |
| BlackRock Managed Volatility Fund II – Class C Accumulation Units | 9.49 | 6.80 | 8.0 |
| BlackRock Managed Volatility Fund III – Class C Accumulation Units | 10.70 | 8.10 | 10.0 |
| BlackRock Managed Volatility Fund IV – Class C Accumulation Units | 14.33 | 12.40 | 15.0 |

| | Fund Return % | Average realised 120 days Volatility % | Target Range Volatility % |
|---|---|---|---|
| BlackRock UK Managed Volatility Fund I – Class C Accumulation Units | 7.66 | 5.20 | 4.0 - 6.0 |
| BlackRock UK Managed Volatility Fund II – Class C Accumulation Units | 10.77 | 6.70 | 6.0 - 8.0 |
| BlackRock UK Managed Volatility Fund III – Class C Accumulation Units | 15.08 | 9.10 | 8.0 - 10.0 |

| | Fund Return %[1] | Average realised 3-year Volatility%[2] | Target Range Volatility % |
|---|---|---|---|
| BlackRock Volatility Strategy Fund I – Class C Accumulation Units | 5.14 | 7.70 | 9.0 (up to 10.0) |
| BlackRock Volatility Strategy Fund II – Class C Accumulation Units | 6.19 | 8.62 | 11.0 (up to 12.0) |
| BlackRock Volatility Strategy Fund III – Class C Accumulation Units | 7.22 | 9.41 | 13.0 (up to 14.0) |
| BlackRock Volatility Strategy Fund IV – Class C Accumulation Units | 8.32 | 10.34 | 15.0 (up to 16.0) |

[1] Fund performance is for the period from 1 March 2024 to 7 November 2024, the closure date of the Funds.
[2] The average realised 3-year volatility are as at 31 October 2024 as the Funds closed on 7 November 2024.

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 Funds 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 calculated in accordance with the prospectus as at 12 noon for dealing purposes. Where, due to a public holiday or market closure(s), a date relevant to determination of the fund returns would not be a dealing day (such that a NAV would not otherwise be calculated on that day), a NAV may nevertheless be determined and calculated in accordance with the prospectus for the purposes of these disclosures.
- 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, returned 15.59% (in GBP terms) during the twelve months ended 28 February 2025. Equities gained significantly amid cooling inflation (the rate of increase in the prices of goods and services) and increased investor optimism as the world's largest central banks started to relax monetary policy. However, rising geopolitical tensions, including conflict in the Middle East and Europe, and the threat of protectionism in the US, raised the prospect of disruption to the global economy.

The US economy was solid throughout most of the twelve-month period, posting stronger growth than other developed nations as consumer spending remained resilient. In Japan, gross domestic product ("GDP") recovered from a period of contraction: the measure expanded by an annualised rate of 0.9% in the third quarter of 2024, following 3.1% growth in the second quarter. The UK economy rebounded in the first six months of 2024 after a disappointing end to 2023. However, output in the third and fourth quarters of 2024 was broadly flat. Growth in the Eurozone recovered over the course of 2024, helped by the strong performance of member nations including Spain, Ireland and Portugal.

Most emerging market economies continued to expand. Although the high interest rate environment presented significant economic challenges, the resilience of the US economy provided support. Chinese GDP grew more slowly than expected amid concerns about the country's real estate sector and weak retail sales. However, China's announcement of a new round of stimulus measures in September 2024 was received positively by investors. The Indian economy expanded at a robust pace, although growth between July and September 2024 was below analysts' expectations. There was a recovery in the final quarter. Growth rebounded in Brazil in the second and third quarters of 2024 due to rise in household and government spending.

# Investment Manager's Report continued

Most of the world's largest central banks shifted away from monetary policy tightening as inflation continued to fall over the twelve month period. In September 2024 the US Federal Reserve ("the Fed") reduced interest rates for the first time in over four years. The Fed made further rate cuts in November and December 2024 but signalled a slower pace of reductions in 2025. The Bank of England ("BoE") began cutting interest rates in August 2024, after inflation in the UK had fallen to the BoE's 2.0% target. The European Central Bank ("ECB") reduced interest rates on five occasions between June 2024 and January 2025. Having raised interest rates in March 2024 in response to rising domestic inflation, which had reached levels not seen in decades, the Bank of Japan did so again in July 2024 and at the start of 2025. These were the first increases in borrowing costs in Japan since 2007.

Global equity performance was positive during the twelve month period, as the continuing strength of the world economy averted concerns about a possible recession. Investors generally reacted positively to Donald Trump's victory in the US presidential election in November 2024, but there were concerns around the turn of the year that the new administration's economic policies could lead to higher inflation and, therefore, to fewer interest rate cuts than expected. Meanwhile, major technology stocks advanced on hopes that artificial intelligence ("AI") would drive growth, although concerns increased about the extensive infrastructure investment required to support AI platforms.

Globally, bonds and equities that factor companies' environmental, social and governance ("ESG") characteristics faced regulatory concerns and shifting investor sentiment. Despite this, ESG funds experienced positive inflows overall. Over the year 2024, European investment remained strong, although the pace of outflows in the US accelerated.

Yields (which move inversely to bond prices) on the 10-year US Treasury, a benchmark lending rate for the global bond market, finished the twelve-month period flat. Following a spike in spring 2024, yields dipped on expectations of lower interest rates but rose again towards the end of the twelve month period due to concerns that the incoming US President's economic policies could lead to higher inflation. In the UK, gilt yields ended higher despite the BoE's shift to a more accommodative monetary policy stance. Yields rose especially sharply in autumn 2024 and at the start of 2025 on expectations that the UK government was planning to increase taxes and state spending. European government bond yields rose during the twelve month period as a whole, but ended 2024 below the highs recorded in May and June 2024 on expectations of further ECB rate cuts in 2025. Yields in Japan increased after the government adjusted its yield cap for 10-year government bonds and investors anticipated further interest rate increases.

Global corporate bonds posted solid gains overall as markets reassessed credit in light of declining inflation and interest rates. Increased bond yields attracted investors, and continued resilience in the global economy alleviated credit concerns, particularly for high-yield bonds.

Equities in emerging markets also gained, benefiting from the relatively stable global economic environment and the respite from tighter monetary policy. As concerns about a possible global recession diminished, some investors rotated back into emerging market stocks, boosting prices. Emerging market bonds posted a positive return overall as investors reacted to less restrictive monetary policy in developed economies.

Commodities markets were disrupted by rising geopolitical tensions. Brent crude oil prices rose early in 2024 as instability in the Middle East caused concern among investors. However, prices fell back as global oil production increased, with the US and Canada making particularly large contributions to overall output. Natural gas prices rose sharply in the second half of the twelve-month period as cold weather returned and supply issues emerged. Gold prices rose to record highs as a result of geopolitical tensions, along with the possibility of a number of interest rate reductions in the US and increased demand from investors in Asia.

In the foreign exchange markets, the US dollar's performance was positive against other major global currencies. It rose against sterling, the euro, the Japanese yen and the Chinese yuan.

### Fund Performance Review and Activity

**BlackRock Managed Volatility Fund**
**BlackRock Managed Volatility Fund I**
**BlackRock Managed Volatility Fund II**
**BlackRock Managed Volatility Fund III**
**BlackRock Managed Volatility Fund IV**

Over the financial year to 28 February 2025, the Funds' performance returns were 7.02%, 8.58%, 9.49%, 10.70% and 14.33% for the five Funds, respectively.

During the financial year, global equity indices experienced solid performance despite periodic spikes in volatility seen during the months of August 2024 and around the US presidential elections in November 2024. The US equity market experienced significant gains during the financial year, driven by strong economic data and earnings growth, while the performance of Japanese equities, the FTSE 100 Index and European indices were more muted compared to the US markets. On the contrary, the UK gilts (bonds issued by the UK government) experienced significant volatility with the 10-year gilt yields (which move inversely to bond prices) starting the year at 4.1%, reflecting investor caution and economic uncertainty. However, yields declined to 3.8% by September 2024 as economic weakness and inflation concerns eased. Towards the end of the financial year, yields rose back to 4.5%, indicating renewed market uncertainty and potential economic challenges.

On average, all Funds delivered volatility levels below respective targets with prevailing volatility levels remaining rather low on average (except for periodic spikes as noted above) and the constraints on the maximum allocation to equities for each of these Funds, which prevent the Investment Manager being overweight to equities when the volatility is low. The Investment Manager periodically reduced allocation to equities in the Funds targeting lower levels of volatility to manage volatility during the year, while the Funds with higher volatility targets were able to better withstand the periodic volatility spikes with more limited impact on asset allocation.

**BlackRock UK Managed Volatility Fund I**
**BlackRock UK Managed Volatility Fund II**
**BlackRock UK Managed Volatility Fund III**

Over the financial year to 28 February 2025, the Funds' performance returns were 7.66%, 10.77% and 15.08% for the three Funds, respectively.

During the financial year, the FTSE 100 Index reported strong gains, although it was modest compared to the growth seen in the US markets. The index showed a steady rise, benefiting from improvements in various sectors. On the contrary, the UK gilts (bonds issued by the UK government) experienced significant volatility with the 10-year gilt yields (which move inversely to bond prices) starting the year at 4.1%, reflecting investor caution and economic uncertainty. However, yields declined to 3.8% by September 2024 as economic weakness and inflation concerns eased. Towards the end of the financial year, yields rose back to 4.5%, indicating renewed market uncertainty and potential economic challenges.

Against this backdrop, the Funds dynamically managed the allocation to equity assets in April 2024 and again in August 2024, mostly by selling equities into cash when volatility spiked, in order to manage the overall risk according to the Funds' target volatility levels. Since then, as volatility was trending down, all Funds progressively re-invested into equities. On average, all funds delivered volatility levels within their targeted ranges.

**BlackRock Volatility Strategy Fund I**
**BlackRock Volatility Strategy Fund II**
**BlackRock Volatility Strategy Fund III**
**BlackRock Volatility Strategy Fund IV**

Over the financial period from 1 March 2024 to 7 November 2024 (the closure date), the Funds' performance returns were 5.14%, 6.19%, 7.22% and 8.32% for the four Funds, respectively.

Overall, equity and fixed income both contributed positively to returns over the period. Markets did however face bouts of volatility and as such, diversification played an important role within the Funds portfolios. Equity returns were driven by positive corporate earnings expectations and ongoing momentum in Artificial Intelligence. Developed equity markets outperformed their emerging market counterparts. Fixed income was a mixed bag, with performance varying across fixed income assets, with sell-off seen in major bond markets. Corporate bonds outperformed government bonds due to support for risky assets which was driven by resilience in corporate profitability within select sectors, and strong investor demand for yield. The reduction in inflation led to major central banks cutting interest rates. In the currency markets, the US dollar weakened slightly against Pound sterling.

From a risk management perspective, the Funds delivered an average realised 3-year and 10-year volatility at the lower end or below their target levels (detailed in the performance summary table). As short-term volatility remained below target levels, the Funds remained almost fully allocated to risk assets through to the end of October 2024. All assets were liquidated into cash on the 7 November 2024, the closure date of the Funds.

**Fund Closures**

In accordance with the rules of the FCA, it was decided to wind up the BlackRock Volatility Strategy Fund I , BlackRock Volatility Strategy Fund II, BlackRock Volatility Strategy Fund III and the BlackRock Volatility Strategy Fund IV on 7 November 2024 on the basis that they are no longer commercially viable.

# Report on Remuneration

The below disclosures are made in respect of the remuneration policies of the BlackRock group ("BlackRock"), as they apply to BlackRock Fund Managers Limited (the "Manager"). The disclosures are made in accordance with the provisions in the UK implementing the Alternative Investment Fund Managers Directive (the "AIFMD"), the European Commission Delegated Regulation supplementing the AIFMD (the "Delegated Regulation") and the "Guidelines on sound remuneration policies under the AIFMD" issued by the European Securities and Markets Authority.

The BlackRock AIFM Remuneration Policy (the "AIFM Remuneration Policy") will apply to the EEA entities within the BlackRock group authorised as a manager of alternative investment funds in accordance with the AIFMD, and will ensure compliance with the requirements of Annex II of the AIFMD and to UK entities within the BlackRock group authorised as a manager of a UK alternative investment fund in accordance with the UK version of the Directive.

The Manager has adopted the AIFM Remuneration Policy, a summary of which is set out below.

**Remuneration Governance**
BlackRock's remuneration governance in EMEA operates as a tiered structure which includes: (a) the Management Development and Compensation Committee ("MDCC") (which is the global, independent remuneration committee for BlackRock, Inc. and (b) the Manager's board of directors (the "Manager's Board"). These bodies are responsible for the determination of BlackRock's remuneration policies which includes reviewing the remuneration policy on a regular basis and being responsible for its implementation.

The implementation of the remuneration policy is annually subject to central and independent review for compliance with policies and procedures for remuneration adopted by the MDCC and by the Manager's Board. The most recent review found no material issues. The remuneration disclosure is produced and owned by the MDCC and the Manager's Board.

No material changes were made to the remuneration policy in 2024.

**(a) MDCC**
The MDCC's purposes include:

- providing oversight of:
  - BlackRock's executive compensation programmes;
  - BlackRock's employee benefit plans; and
  - such other compensation plans as may be established by BlackRock from time to time for which the MDCC is deemed as administrator;
- reviewing and discussing the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management and approving the MDCC's report for inclusion in the proxy statement;
- reviewing, assessing and making reports and recommendations to the BlackRock, Inc. Board of Directors (the 'BlackRock, Inc. Board') as appropriate on BlackRock's talent development and succession planning, with the emphasis on performance and succession at the highest management levels; and
- supporting the boards of the Company's EMEA regulated entities in meeting their remuneration-related obligations by overseeing the design and implementation of EMEA remuneration policy in accordance with applicable regulations.

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, who has no relationship with BlackRock Inc. or the BlackRock, Inc. Board that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The BlackRock, Inc. Board has determined that all of the members of the MDCC are "independent" within the meaning of the listing standards of the New York Stock Exchange (NYSE), which requires each meet a "non-employee director" standard.

The MDCC held 8 meetings during 2024. The MDCC charter is available on BlackRock, Inc.'s website (www.blackrock.com).

Through its regular reviews, the MDCC continues to be satisfied with the principles of BlackRock's compensation policy and approach.

### (b) The Manager's Board

The Manager's Board has the task of supervising, approving and providing oversight of the AIFM Remuneration Policy as it applies to the Manager and its Identified Staff (as defined below).

The responsibilities of the supervisory function include:

- approve, maintain and oversee the implementation of the AIFM Remuneration Policy;
- determine and oversee the remuneration of the members of the management body, provided that insofar the relevant AIFM does not have a separate supervisory function, the remuneration of the member of the management body is determined by the MDCC;
- approve any subsequent material exemptions or changes to the AIFM Remuneration Policy and carefully consider and monitor their effects;
- take into account the inputs provided by all competent corporate functions (i.e., risk management, compliance, human resources, strategic planning, etc.) in the design and oversight of the AIFM Remuneration Policy.

### Decision-making process

Remuneration decisions for employees are made once annually in January following the end of the performance year. This timing allows full-year financial results to be considered along with other non-financial goals and objectives. Although the framework for remuneration decision-making is tied to financial performance, significant discretion is used to determine individual variable remuneration based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual remuneration amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance (including, where relevant, good outcomes for retail customers). These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award. The variable remuneration awarded to any individual(s) for a particular performance year may also be zero.

Annual incentive awards are paid from a bonus pool.

The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after year-end. As part of this review, the MDCC receives actual and projected financial information over the course of the year as well as final year-end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of BlackRock's financial performance (e.g., net inflows of AUM and investment performance) as well as information regarding market conditions and competitive compensation levels.

The MDCC regularly considers management's recommendation as to the percentage of pre-incentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

As part of the year-end review process the Enterprise Risk and Regulatory Compliance departments report to the MDCC on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

### Control functions

Each of the control functions (Enterprise Risk, Legal & Compliance, Finance, Human Resources and Internal Audit) has its own organisational structure which is independent of the business units and therefore staff members in control functions are remunerated independently of the businesses they oversee. The head of each control function is either a member of the Global Executive Committee ("GEC"), the global management committee, or has a reporting obligation to the board of directors of BlackRock Group Limited, the parent company of all of BlackRock's EMEA regulated entities, including the Manager.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the MDCC.

### Link between pay and performance

There is a clear and well defined pay-for-performance philosophy and compensation programmes which are designed to meet the following key objectives as detailed below:

- appropriately balance BlackRock's financial results between shareholders and employees;
- attract, retain and motivate employees capable of making significant contributions to the long-term success of the business;
- align the interests of senior employees with those of shareholders by awarding BlackRock Inc.'s stock as a significant part of both annual and long-term incentive awards;
- control fixed costs by ensuring that compensation expense varies with profitability;
- link a significant portion of an employee's total compensation to the financial and operational performance of the business;
- promote sound and effective risk management across all risk categories, including sustainability risk;

- discourage excessive risk-taking (sustainability related or otherwise); and
- ensure good outcomes are delivered for retail customers and that that client interests are not negatively impacted by remuneration awarded on a short-term, mid-term and/or long-term basis.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but don't pre-determine compensation outcomes. Compensation decisions remain discretionary and are made as part of the year-end compensation process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- factors relevant to an employee individually (e.g., relevant working arrangements (including part-time status if applicable); relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);
- the management of risk within the risk profiles appropriate for BlackRock's clients;
- strategic business needs, including intentions regarding retention;
- market intelligence;
- criticality to business; and
- supporting the firm's approaches to environmental, social and governance factors and diversity, equity and inclusion.

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Remuneration practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

BlackRock operates a total compensation model for remuneration which includes a base salary, which is contractual, and a discretionary bonus scheme.

BlackRock operates an annual discretionary bonus scheme. Although all employees are eligible to be considered for a discretionary bonus, there is no contractual obligation to make any award to an employee under its discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above (under the heading "Link between pay and performance") may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion paid in BlackRock, Inc. stock and subject to additional vesting/clawback conditions. Stock awards are subject to further performance adjustment through variation in BlackRock, Inc.'s share price over the vesting period. As total annual compensation increases, a greater portion is deferred into stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the compensation package for eligible employees, including the executive officers. The portion deferred into stock vests into three equal instalments over the three years following grant.

Supplementary to the annual discretionary bonus as described above, equity awards may be made to select individuals to provide greater linkage with future business results. These long-term incentive awards have been established individually to provide meaningful incentive for continued performance over a multi-year period recognising the scope of the individual's role, business expertise and leadership skills.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the "BlackRock Performance Incentive Plan" ("BPIP"). Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin[1] and Organic Revenue Growth[2]. Determination of pay-out will be made based on the firm's achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where the firm's financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure across market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have "skin in the game" through significant personal investments.

### Identified Staff

"Identified Staff" comprises the following categories of staff whose professional activities have a material impact on the risk profiles of the AIFM or the AIFs which it manages categories of the AIFM's staff, including:

- Board members (Executive and Non-Executive Directors);
- Conducting officers;
- Members of Senior Management; and
- Individuals responsible for internal senior management, risk takers, control functions

[1] As Adjusted Operating Margin: As reported in BlackRock's external filings, reflects adjusted Operating Income divided by Total Revenue net of distribution and servicing expenses and amortisation of deferred sales commissions.

[2] Organic Revenue Growth: Equal to net new base fees plus net new Aladdin revenue generated in the year (in dollars).

The list of Identified Staff will be subject to regular review, being formally reviewed in the event of, but not limited to:

- organisational changes;
- new business initiatives;
- changes in significant influence function lists;
- changes in role responsibilities; and
- revised regulatory direction.

BlackRock applies the proportionality principle in respect of staff identified as "Identified Staff".

BlackRock bases its proportionality approach on a combination of factors that it is entitled to take into account based on relevant guidelines. The application of proportionality has been assessed based on the criteria set down in the ESMA Guidelines - i.e., criteria in terms of size, internal organisation and nature, scope and complexity of the activities; group of persons, who have only collectively a material impact on the risk profile of the management company; and structure of the remuneration of identified staff.

### Quantitative Remuneration Disclosure

The Manager is required under the AIFMD to make quantitative disclosures of remuneration. These disclosures are made in line with BlackRock's interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops BlackRock may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other BlackRock fund disclosures in that same year.

Remuneration information at an individual AIF level is not readily available. Disclosures are provided in relation to (a) the staff of the Manager; (b) staff who are senior management; (c) staff who have the ability to materially affect the risk profile of the Fund; and (d) staff of companies to which portfolio management and risk management has been formally delegated.

All individuals included in the aggregated figures disclosed are rewarded in line with BlackRock's remuneration policy for their responsibilities across the relevant BlackRock business area. As all individuals have a number of areas of responsibilities, only the portion of remuneration for those individuals' services attributable to the Manager is included in the aggregate figures disclosed.

Members of staff and senior management of the Manager typically provide both AIFMD and non-AIFMD related services in respect of multiple funds, clients and functions of the Manager and across the broader BlackRock group. Conversely, members of staff and senior management of the broader BlackRock group may provide both AIFMD and non-AIFMD related services in respect of multiple funds, clients and functions of the broader BlackRock group and of the Manager. Therefore, the figures disclosed are a sum of individuals' portion of remuneration attributable to the Manager according to an objective apportionment methodology which acknowledges the multiple-service nature of the Manager and the broader BlackRock group. Accordingly, the figures are not representative of any individual's actual remuneration or their remuneration structure.

# Report on Remuneration continued

The amount of the total remuneration awarded to the Manager's staff in respect of the Manager's financial year ending 31 December 2024 is USD 102.4 million. This figure is comprised of fixed remuneration of USD 37.2 million and variable remuneration of USD 65.2 million. There were a total of 4,206 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the Manager in respect of the Manager's financial year ending 31 December 2024, to its senior management was USD 14.3 million, and to other members of its staff whose actions potentially have a material impact on the risk profile of the Manager or its funds was USD 16.4 million.

# 1. Accounting and Distribution Policies*

for the year ended 28 February 2025

## 1. Accounting Policies

(a) The financial statements have been prepared in accordance with 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.

As set out in the letter to unitholders dated 18 July 2024, the BlackRock Volatility Strategy Fund I , BlackRock Volatility Strategy Fund II, BlackRock Volatility Strategy Fund III and the BlackRock Volatility Strategy Fund IV closed on 7 November 2024. As a result, the financial statements for the BlackRock Volatility Strategy Fund I, BlackRock Volatility Strategy Fund II, BlackRock Volatility Strategy Fund III and the BlackRock Volatility Strategy Fund IV have not been prepared on a going concern basis for the year ended 28 February 2025, but are prepared on a break-up basis. Under this basis, all assets are recorded at their estimated realisable amount and all liabilities at their estimated settlement amount. The liquidation costs are borne by the Manager. The financial statements for the other Funds have been prepared on a going concern basis in accordance with UK GAAP and the SORP. The Funds are able to meet all of their liabilities from their assets. The performance, marketability and risks of the Funds are reviewed on a regular basis throughout the financial period. Therefore, the Directors of the Manager believe that the Funds will continue in operational existence for a period of one year from the date of approval of these financial statements and are financially sound. The Directors of the Manager are satisfied that, at the time of approving the financial statements, it is appropriate to continue to adopt the going concern basis in preparing the financial statements of the remaining Funds.

(b) Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when the right to receive payment is established.

Revenue from fixed interest securities is recognised on an effective interest rate basis.

All distributions from Collective Investment Schemes ("CIS") are recognised when the securities are quoted ex-distribution. All distributions from holdings in CIS are treated as revenue with the exception of the equalisation element, which is treated as capital.

Any reported revenue from an offshore fund with reporting status from HMRC, in excess of any distribution received in the reporting period, is recognised as revenue no later than the date on which the reporting fund makes this information available. The equalisation element is treated as capital.

All revenue is recognised as a gross amount that takes account of any withholding taxes but excludes any other taxes such as attributable tax credits.

Returns from bond futures are streamed into revenue and capital components.

Bank interest is recognised on an accruals basis.

The Funds receive Manager's charge rebates from BlackRock related investments in the normal course of business. These are recognised on an accruals basis and are treated as revenue, unless it is the policy of the underlying fund to charge its fees to capital, in which case these rebates will be recognised as capital.

(c) Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Funds are required to take up some or all of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

(d) All expenses, except those relating to the purchase and sale of investments are charged against revenue. All expenses are recognised on an accruals basis.

* The Accounting and Distribution Policies are an integral part of the notes for each funds' financial statements.

NM0625U-4588099-19/226
BlackRock Non-UCITS Retail Funds 18

# 1. Accounting and Distribution Policies continued

(e) Provision for corporation tax is made at the current rate on the excess of taxable revenue over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is considered more likely than not that there will be taxable profits in the future against which the asset can be offset.

(f) Where the end of the accounting year on the Balance Sheet date is a business day, the valuation point is 12 noon, and where the end of the accounting year on the Balance Sheet date is a non-business day, the valuation point is end of day. All investments are valued at their fair value as at the end of the accounting period. In the case of an investment which is not quoted, listed or dealt in on a recognised market, or in respect of which a listed, traded or dealt price or quotation is not available at the time of valuation, the fair value of such investment shall be estimated with care and in good faith by a competent professional person, body, firm or corporation including the Manager's pricing committee and such fair value shall be determined on the basis of the probable realisation value of the investment. The Manager shall be entitled to adopt an alternative method of valuing any particular asset if it considers that the methods of valuation set out above do not provide a fair valuation of a particular asset or liability.

For over the counter derivatives (e.g. forward currency contracts), fair value is determined based on valuation pricing models which take into account relevant market inputs as well as the time values, liquidity and volatility factors underlying the positions. The fair value of exchange traded and over the counter derivatives represents the price that would be required to close out the contracts at the Balance Sheet date. Amounts due to and from an individual counterparty which falls under a legally enforceable master netting agreement are netted.

Investments in dual priced Collective Investment Schemes have been valued at the latest available published bid price market values. Investments in single priced Collective Investment Schemes have been valued at the latest available published market values.

(g) Any transactions in foreign currencies are translated into sterling at the rates of exchange ruling on the date of any such transaction. Assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at the end of the accounting period. Revenue items in foreign currencies are translated into sterling at the exchange rate when the revenue is received.

(h) Where appropriate, certain permitted financial instruments such as derivatives are used for efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in 'Revenue' in the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net capital gains/(losses)' in the Statement of Total Return.

(i) Cash and bank balances consist of deposits held on call with banks and cash held with clearing brokers and counterparties. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Distribution Policies

(j) Returns from bond futures recognised as revenue from long positions form part of the distribution. Amounts recognised as revenue from short positions reduce the amounts available for distribution.

(k) The units in each of the Funds are accumulation units. All of the net revenue available for distribution at the final accounting period end will be accumulated by the Funds with a transfer from revenue to capital. In order to conduct a controlled dividend flow to unitholders, interim distributions may be made at the Manager's discretion, up to a maximum of the distributable revenue available for the period. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

# 1. Accounting and Distribution Policies continued

(l) The BlackRock Managed Volatility, BlackRock Managed Volatility I and BlackRock UK Managed Volatility I Funds have satisfied the qualifying investment tests as specified in S468L ICTA 1988 at all times throughout their distribution period. As such, any revenue available for distribution will be paid as an interest distribution. All other Funds will pay a dividend distribution.

# 2. Financial Instruments and Risks*

### Introduction and overview

The Funds' investment activities expose them to the various types of risk which are associated with the financial instruments and markets in which they invest. The following information is not intended to be a comprehensive summary of all risks and investors should refer to the Prospectus of each Fund for a more detailed discussion of the risks inherent in investing in the Funds.

### Risk management framework

The Manager has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Funds are managed within the terms of their investment guidelines and limits set out in the Prospectus. The Manager reserves to itself the investment performance, product risk monitoring and oversight and the responsibility for the monitoring and oversight of regulatory and operational risk for the Funds.

The Manager has appointed a risk manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the BlackRock Risk and Quantitative Analysis Group ("RQA Group") which is a centralised group which performs an independent risk management function. The RQA Group independently identifies, measures and monitors investment risk. The RQA Group tracks the actual risk management practices being deployed across the different funds. By breaking down the components of the process, the RQA Group has the ability to determine if the appropriate risk management processes are in place for the Funds. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The risk profiles of the Funds are set out as follows:

### a) Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. It represents the potential loss the Funds may suffer through holding market positions in the face of market movements. The Funds are exposed to market risk by virtue of their underlying investments in equities, corporate bonds, government bonds and direct investments in futures and forward currency contracts.

A key metric the RQA Group uses to measure market risk is Value-at-Risk ("VaR") which encompasses price, currency and interest rate risk. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

The VaR calculations are based on an adjusted historical simulation model with a confidence level of 99%, a holding period of one day and a historical observation period of not less than one year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period a Fund will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk.

* The information relating to Financial Instruments and Risks is an integral part of the notes for each funds' financial statements.

# 2. Financial Instruments and Risks continued

It is noted that the use of the VaR methodology has limitations, namely that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations and the nature of the VaR measure mean that the Funds can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one day VaR as at 28 February 2025 and 29 February 2024 based on a 99% confidence level is outlined in the table below:

| Fund | 28 February 2025 % | 29 February 2024 % |
|---|---|---|
| BlackRock Managed Volatility Fund | 0.64 | 0.70 |
| BlackRock Managed Volatility Fund I | 0.73 | 0.82 |
| BlackRock Managed Volatility Fund II | 0.81 | 0.88 |
| BlackRock Managed Volatility Fund III | 0.91 | 0.92 |
| BlackRock Managed Volatility Fund IV | 1.26 | 1.17 |
| BlackRock UK Managed Volatility Fund I | 0.66 | 0.67 |
| BlackRock UK Managed Volatility Fund II | 0.95 | 0.94 |
| BlackRock UK Managed Volatility Fund III | 1.28 | 1.21 |
| BlackRock Volatility Strategy Fund I | N/A | 0.86 |
| BlackRock Volatility Strategy Fund II | N/A | 0.97 |
| BlackRock Volatility Strategy Fund III | N/A | 1.09 |
| BlackRock Volatility Strategy Fund IV | N/A | 1.24 |

### i) Market risk arising from foreign currency risk

#### Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The net assets of the Funds are denominated mainly in sterling, however, the underlying CIS hold financial assets and financial liabilities denominated in other international currencies. As such, the Funds have indirect exposure to foreign currency risk through their underlying investments in CIS, whereby the value of the underlying CIS may fluctuate as a result of changes to foreign currency rates.

#### Management of foreign currency risk

Foreign currency exposures are managed within parameters utilising forward currency contracts. The details of the contracts in place at the year end are disclosed in the Portfolio Statement of each Fund.

# 2. Financial Instruments and Risks continued

### ii) Market risk arising from other price risk

**Exposure to other price risk**

Other 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 Funds and market prices of their investments.

The Funds are exposed to market price risk arising from their investments. The exposure of the Funds to other price risk is the market value of the investments held as shown in the portfolio statements of each Fund.

**Management of other price risk**

By diversifying the portfolio, where this is appropriate and consistent with the Funds' objectives, the risk that a price change of a particular investment will have a material impact on the Net Asset Value ("NAV") of the Funds is minimised. The investment concentrations within the portfolio are disclosed in the portfolio statement of each Fund by investment type.

The other price risk inherent in holdings in CIS is monitored by the Investment Manager by understanding the investment objectives of the underlying funds as well as their internal control policies and regular risk and performance reporting.

To manage other price risk, the Investment Manager performs extensive initial and ongoing due diligence on the underlying funds. The underlying funds are required to provide the Investment Manager with reports on a daily, monthly or quarterly basis, monitoring the internal controls and operational infrastructure of the managers of these funds.

### iii) Market risk arising from interest rate risk

**Exposure to interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Funds are exposed to interest rate risk on their cash and bank balances held at The Bank of New York Mellon (International) Limited, amounts held at futures clearing houses and brokers and cash equivalent holdings. Cash held on deposit at The Bank of New York Mellon (International) Limited receives/incurs interest at the prevailing daily rate which may be negative depending on the currency in which the cash is held.

The Funds also have indirect exposure to interest rate risk through their investments into CIS, whereby the value of the underlying fund may fluctuate as a result of a change in interest rates and through their investments in futures contracts, whereby the value of an underlying asset may fluctuate as a result of a change in interest rates through their investments in interest-bearing securities.

**Management of interest rate risk**

Interest rate risk exposure is managed by constantly monitoring the position for deviations outside a pre-determined tolerance level and, when necessary, rebalancing back to the original desired parameters.

# 2. Financial Instruments and Risks continued

## b) Counterparty credit risk

### Exposure to counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Funds are exposed to counterparty credit risk from the parties with which they trade and will bear the risk of settlement default.

### Management of counterparty credit risk

Counterparty credit risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk Team. The team is headed by BlackRock's Chief Counterparty Credit Officer who reports directly to the Global Head of RQA. Credit authority resides with the Chief Counterparty Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Counterparty Credit Officer or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Counterparty Credit Officer as deemed appropriate.

BlackRock's RQA Counterparty & Concentration Risk Team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures.

The Manager maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's creditworthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

## i) Exchange Traded Financial Derivative Instruments

The Funds' holdings in futures contracts and exchange traded options expose the Funds to counterparty credit risk.

### Management of counterparty credit risk related to futures contracts

The exposure is limited by trading the contracts through a clearing house. The Funds' exposure to counterparty credit risk on contracts in which they currently have a gain position is reduced by such gains received in cash from the counterparty under the daily mark-to-market mechanism on exchange traded futures contracts (variation margin). The Funds' exposure to credit risk on contracts in which they currently have a loss position is equal to the amount of margin posted to the counterparty which has not been transferred to the exchange under the daily mark-to-market mechanism. The counterparty for futures contracts is Morgan Stanley.

Margin is paid or received on futures and exchange traded options to cover any exposure by the counterparty or the Funds to each other. Margin receivable from the Funds' clearing brokers and the counterparty is included in "Cash and bank balances" on the Balance Sheet. Margin payable to the Funds' clearing brokers and the counterparty is included in "Amounts held at futures clearing houses and brokers" on the Balance Sheet.

Counterparty exposure has not been disclosed for exchange traded derivatives as the exchange requirements in respect of collateral mean that, in the opinion of the Manager, the counterparty risk is mitigated.

### ii) Over-the-Counter ("OTC") Financial Derivative Instruments ("FDIs")

The Funds' holdings in OTC FDIs also expose the Funds to counterparty credit risk.

All OTC FDIs are entered into by the Funds under an International Swaps and Derivatives Associations, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement. An ISDA Master Agreement is a bilateral agreement between the Funds and a counterparty that governs OTC FDIs (including total return swaps and contracts for differences ("CFDs")) entered into by the parties. The parties' exposures under the ISDA Master Agreement are netted and collateralised together, therefore any collateral disclosures provided are in respect of all OTC FDIs entered into by the Funds under the ISDA Master Agreement, not just total return swaps and CFDs. All collateral received/posted by the Funds under the ISDA Master Agreement is transferred bilaterally under a title transfer arrangement.

The Funds' maximum exposure to counterparty credit risk from holding forward currency contracts will be equal to the notional amount of the currency and any net unrealised gains or losses as disclosed in the Portfolio Statement.

**Management of counterparty credit risk related to OTC FDIs**

Forward currency contracts do not require variation margin and thus the counterparty credit risk is monitored through the BlackRock RQA Counterparty & Concentration Risk Team which monitors the creditworthiness of the counterparty.

The lowest credit rating of any one counterparty as at 28 February 2025 is A- (29 February 2024: AA-) (Standard & Poor's rating).

The following tables detail the number of counterparties the Funds are exposed to by OTC FDIs type and the maximum exposure (which is calculated on a net basis) to any one counterparty.

28 February 2025

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Managed Volatility Fund** | **£000's** | **£000's** |
| Bank of America Merrill Lynch | (9) | **(9)** |
| Bank of New York Mellon International | 103 | **103** |
| Barclays Bank Plc | 7 | **7** |
| Goldman Sachs International | 4 | **4** |
| HSBC Bank Plc | 2 | **2** |
| J.P. Morgan Securities Plc | 5 | **5** |
| Morgan Stanley & Co. International Plc | 13 | **13** |
| Royal Bank of Canada | (3) | **(3)** |
| Société Générale SA | (3) | **(3)** |
| State Street Global Advisors Limited | (2) | **(2)** |
| Toronto-Dominion Bank | 1 | **1** |
| UBS AG | (13) | **(13)** |

# 2. Financial Instruments and Risks continued

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Managed Volatility Fund I** | **£000's** | **£000's** |
| Bank of America Merrill Lynch | (17) | **(17)** |
| Bank of New York Mellon International | (53) | **(53)** |
| Barclays Bank Plc | (541) | **(541)** |
| BNP Paribas Arbitrage SNC | (18) | **(18)** |
| Goldman Sachs International | (35) | **(35)** |
| HSBC Bank Plc | 8 | **8** |
| J.P. Morgan Securities Plc | 11 | **11** |
| Morgan Stanley & Co. International Plc | 180 | **180** |
| Royal Bank of Canada | 20 | **20** |
| Standard Chartered Bank | 7 | **7** |
| State Street Global Advisors Limited | 16 | **16** |
| Toronto-Dominion Bank | 31 | **31** |

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Managed Volatility Fund II** | **£000's** | **£000's** |
| Bank of New York Mellon International | (4) | **(4)** |
| Barclays Bank Plc | 13 | **13** |
| Goldman Sachs International | (7) | **(7)** |
| HSBC Bank Plc | 9 | **9** |
| J.P. Morgan Securities Plc | 1 | **1** |
| Morgan Stanley & Co. International Plc | 1 | **1** |
| Royal Bank of Canada | 5 | **5** |
| Société Générale SA | 9 | **9** |
| State Street Global Advisors Limited | (349) | **(349)** |
| Toronto-Dominion Bank | 3 | **3** |
| UBS AG | (32) | **(32)** |

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Managed Volatility Fund III** | **£000's** | **£000's** |
| Barclays Bank Plc | (4) | **(4)** |
| Goldman Sachs International | (4) | **(4)** |
| HSBC Bank Plc | 4 | **4** |
| J.P. Morgan Securities Plc | (2) | **(2)** |
| Société Générale SA | 1 | **1** |
| State Street Global Advisors Limited | 5 | **5** |
| Toronto-Dominion Bank | 1 | **1** |
| UBS AG | (4) | **(4)** |

## 2. Financial Instruments and Risks continued

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Managed Volatility Fund IV** | **£000's** | **£000's** |
| Australia and New Zealand Banking Group | (38) | **(38)** |
| Citigroup Global Markets Limited | (73) | **(73)** |
| Goldman Sachs International | (114) | **(114)** |
| Morgan Stanley & Co. International Plc | 12 | **12** |
| Royal Bank of Scotland Plc | (47) | **(47)** |
| Standard Chartered Bank | (38) | **(38)** |
| State Street Global Advisors Limited | (44) | **(44)** |

29 February 2024

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Managed Volatility Fund** | **£000's** | **£000's** |
| Bank of America Merrill Lynch | 1 | **1** |
| Bank of New York Mellon International | 5 | **5** |
| Barclays Bank Plc | (45) | **(45)** |
| BNP Paribas Arbitrage SNC | (6) | **(6)** |
| Citigroup Global Markets Limited | (1) | **(1)** |
| Goldman Sachs International | 2 | **2** |
| HSBC Bank Plc | (10) | **(10)** |
| J.P. Morgan Securities Plc | (9) | **(9)** |
| Morgan Stanley & Co. International Plc | 34 | **34** |
| Nomura International Plc | (22) | **(22)** |
| Standard Chartered Bank | 63 | **63** |
| State Street Global Advisors Limited | 44 | **44** |
| Toronto-Dominion Bank | (3) | **(3)** |

# 2. Financial Instruments and Risks continued

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Managed Volatility Fund I** | **£000's** | **£000's** |
| Bank of New York Mellon International | 296 | **296** |
| Barclays Bank Plc | (139) | **(139)** |
| BNP Paribas Arbitrage SNC | 168 | **168** |
| Citigroup Global Markets Limited | (6) | **(6)** |
| Goldman Sachs International | 27 | **27** |
| HSBC Bank Plc | (1) | **(1)** |
| J.P. Morgan Securities Plc | (362) | **(362)** |
| Morgan Stanley & Co. International Plc | (76) | **(76)** |
| Nomura International Plc | (25) | **(25)** |
| Royal Bank of Canada | 27 | **27** |
| Standard Chartered Bank | 14 | **14** |
| State Street Global Advisors Limited | 42 | **42** |
| Toronto-Dominion Bank | (52) | **(52)** |

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Managed Volatility Fund II** | **£000's** | **£000's** |
| Barclays Bank Plc | (19) | **(19)** |
| BNP Paribas Arbitrage SNC | (2) | **(2)** |
| HSBC Bank Plc | 1 | **1** |
| J.P. Morgan Securities Plc | (20) | **(20)** |
| Morgan Stanley & Co. International Plc | (20) | **(20)** |
| Standard Chartered Bank | (25) | **(25)** |
| State Street Global Advisors Limited | (19) | **(19)** |
| Toronto-Dominion Bank | (3) | **(3)** |

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Managed Volatility Fund III** | **£000's** | **£000's** |
| Bank of America Merrill Lynch | 1 | **1** |
| Bank of New York Mellon International | (1) | **(1)** |
| Barclays Bank Plc | 1 | **1** |
| Citigroup Global Markets Limited | (5) | **(5)** |
| Goldman Sachs International | (5) | **(5)** |
| J.P. Morgan Securities Plc | (28) | **(28)** |
| Morgan Stanley & Co. International Plc | (8) | **(8)** |
| Standard Chartered Bank | (11) | **(11)** |
| State Street Global Advisors Limited | (8) | **(8)** |

## 2. Financial Instruments and Risks continued

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Managed Volatility Fund IV** | **£000's** | **£000's** |
| Citigroup Global Markets Limited | (24) | **(24)** |
| Goldman Sachs International | (7) | **(7)** |
| Morgan Stanley & Co. International Plc | (113) | **(113)** |
| Nomura International Plc | 1 | **1** |
| Standard Chartered Bank | (212) | **(212)** |
| State Street Global Advisors Limited | (117) | **(117)** |

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Volatility Strategy Fund I** | **£000's** | **£000's** |
| BNP Paribas Arbitrage SNC | 27 | **27** |
| Citigroup Global Markets Limited | (31) | **(31)** |
| Morgan Stanley & Co. International Plc | 20 | **20** |
| Royal Bank of Scotland Plc | (28) | **(28)** |
| Société Générale SA | 37 | **37** |
| Toronto-Dominion Bank | (3) | **(3)** |
| UBS AG | 55 | **55** |

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Volatility Strategy Fund II** | **£000's** | **£000's** |
| BNP Paribas Arbitrage SNC | 59 | **59** |
| Citigroup Global Markets Limited | (60) | **(60)** |
| Merrill Lynch International | (1) | **(1)** |
| Morgan Stanley & Co. International Plc | 52 | **52** |
| Royal Bank of Scotland Plc | (66) | **(66)** |
| Société Générale SA | 86 | **86** |
| Toronto-Dominion Bank | 5 | **5** |
| UBS AG | 87 | **87** |

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Volatility Strategy Fund III** | **£000's** | **£000's** |
| BNP Paribas Arbitrage SNC | 13 | **13** |
| Citigroup Global Markets Limited | (21) | **(21)** |
| Morgan Stanley & Co. International Plc | 20 | **20** |
| Royal Bank of Scotland Plc | (29) | **(29)** |
| Société Générale SA | 31 | **31** |
| Toronto-Dominion Bank | 3 | **3** |
| UBS AG | 39 | **39** |

# 2. Financial Instruments and Risks continued

| Counterparty | Forwards | Total Exposure |
|---|---|---|
| **BlackRock Volatility Strategy Fund IV** | **£000's** | **£000's** |
| Barclays Bank Plc | (6) | **(6)** |
| BNP Paribas Arbitrage SNC | 22 | **22** |
| HSBC Bank Plc | (2) | **(2)** |
| J.P. Morgan Securities Plc | (5) | **(5)** |
| Morgan Stanley & Co. International Plc | 26 | **26** |
| Toronto-Dominion Bank | (8) | **(8)** |
| UBS AG | 1 | **1** |

### iii) Trustee and Custodian

The Trusts' Trustee and Custodian is The Bank of New York Mellon (International) Limited (the "Trustee" and "Custodian").

The Trustee is liable to the Funds for the loss of financial instruments of the Funds which are held in custody as part of the Trustee's safekeeping function. The liability of the Trustee will not be affected by the fact that it has entrusted the safekeeping function to the Custodian save where this liability is lawfully discharged to a delegate (any such discharge will be notified to unitholders) or where the loss of financial instruments arises as a result of an external event beyond reasonable control as provided for under AIFMD. The Trustee will not be indemnified out of the assets of the Funds for the loss of financial instruments where it is so liable. Substantially all of the investments of the Funds are held by the Custodian at the year end.

Investments are segregated from the assets of the Custodian, with ownership rights remaining with the Funds. Bankruptcy or insolvency of the Custodian may cause the Funds' rights with respect to their investments held by the Custodian to be delayed or limited. The maximum exposure to this risk is the total amount of equity and bond investments disclosed in the portfolio statement of each Fund.

The Funds will be exposed to the credit risk of the Custodian, or any depositary used by the Trustee regarding cash balances held in accounts with same. In the event of insolvency or bankruptcy of the Custodian or any depositary used by the Trustee, the Funds will be treated as a general creditor of the Trustee.

#### Management of counterparty credit risk related to the Trustee and Custodian

To mitigate the Funds' credit risk with respect to the Trustee, the Investment Manager of the Funds employs specific procedures to ensure that the Trustee employed is a reputable institution and that the associated credit risk is acceptable to the Funds. The Funds only transact with counterparties that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies.

The long term credit rating of the parent company of the Trustee and Custodian, The Bank of New York Mellon Corporation, as at 28 February 2025 was A (29 February 2024: AA) (Standard & Poor's rating).

### iv) Debt securities

Issuer credit risk is the default risk of one of the issuers of any securities held by the Funds.


NM0625U-4588099-31/226

The bonds held by the Funds' underlying CIS are issued by companies and government agencies in order to achieve the investment objectives for each of the Funds' underlying CIS.

The borrower receives from the Funds' underlying CIS a principal amount. The Funds' underlying CIS will then receive interest based on the coupon rate of the bond and repayment of the initial principal amount on the bond's maturity date.

Any impairment to the borrower's ability to pay amounts due may result in changes to the tradable value of the bond and the amount to be received upon maturity of the bond.

**Management of counterparty credit risk related to debt securities**

The ability of the borrower to repay not only the principal value but also any interest due on the bond, referred to as the borrower's credit rating, is monitored by the Investment Manager of the Funds' underlying CIS.

The Investment Manager of the Funds' underlying CIS may undertake its own research of the borrower's financial position in order to assess the ability of the borrower to pay amounts due.

The ratings of the underlying funds' debt securities are continually monitored by the BlackRock Portfolio Management Group.

### v) Securities lending

The BlackRock UK Managed Volatility Fund I, the BlackRock UK Managed Volatility Fund II and the BlackRock UK Managed Volatility Fund III engage in securities lending activities which expose the Funds to counterparty credit risk. The maximum exposure to the Funds is equal to the value of the securities loaned.

Securities lending transactions entered into by the Funds are subject to a written legal agreement between the Funds and the Stock Lending Agent, BlackRock Advisors (UK) Limited, a related party to the Funds, 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 BNY Mellon Trust & Depositary (UK) Limited ("the Trustee") on behalf of the Funds. Collateral received is segregated from the assets belonging to the Funds' Trustee or the Stock Lending Agent.

# 2. Financial Instruments and Risks continued

The following table details the value of securities on loan (individually identified in the relevant funds portfolio statements) and associated collateral received, analysed by borrowing counterparty as at the Balance Sheet date.

| | | 28 February 2025 | | 29 February 2024 | |
|---|---|---|---|---|---|
| Counterparty | Counterparty's country of establishment | Securities on loan | Collateral received | Securities on loan | Collateral received |
| **BlackRock UK Managed Volatility Fund I** | | **£000's** | **£000's** | **£000's** | **£000's** |
| J.P. Morgan Securities Plc | UK | 541 | 599 | 2,215 | 2,535 |
| **Total** | | **541** | **599** | **2,215** | **2,535** |

At 28 February 2025, collateral received from these borrowing counterparties comprised of 100.00% in equity securities (29 February 2024: 16.84% in debt securities and 83.16% in equity securities).

Collateral accepted is non-cash in the form of sovereign debt rated AA or better from approved governments only, supranational debt obligations rated AAA or better and equity securities listed on a recognised exchange.

**Management of counterparty credit risk related to securities lending**

To mitigate this risk, the Funds receive either cash or securities as collateral equal to a certain percentage in excess of the fair value of the securities loaned. The Investment Manager monitors the fair value of the securities loaned and additional collateral is obtained, if necessary. As at 28 February 2025 and 29 February 2024, all non-cash collateral received consists of securities admitted to or dealt on a recognised exchange.

The Funds also benefit from a borrower default indemnity provided by BlackRock Inc. The indemnity allows for full replacement of securities lent. BlackRock Inc. bears the cost of indemnification against borrower default.

## c) Liquidity risk

**Exposure to liquidity risk**

Liquidity risk is the risk that the Funds will encounter difficulties in meeting their obligations associated with financial liabilities.

Liquidity risk to the Funds arises from the redemption requests of unitholders and the liquidity of the underlying investments the Funds are invested in. The Funds' unitholders may redeem their units on the close of any daily dealing deadline for cash equal to a proportionate share of the Funds' NAV. The Funds are therefore potentially exposed to the liquidity risk of meeting the unitholders' redemptions and may need to sell assets at prevailing market prices to meet liquidity demands.

All non-derivative financial liabilities including distributions payable held by the Funds as at 28 February 2025 and 29 February 2024, based on contractual maturities, fall due within one to three months, with the exception of corporation tax payable which falls due within nine to twelve months.

**Management of liquidity risk**

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands.

At times of excessive redemptions the Manager may decide to defer redemptions at any valuation point to the next valuation point where the requested aggregate redemptions exceed 10 per cent of a Fund's NAV. This will therefore allow the Manager to protect the interests of continuing unitholders by allowing the Manager to match the sale of scheme property to the level of redemptions. This should reduce the impact of dilution on the Funds. All unitholders who have sought to redeem units at any valuation point at which redemptions are deferred will be treated consistently and any redemption requests received in the meantime will not be processed until the redemption requests that have been deferred to the subsequent valuation points have been processed.

The Funds' liquidity risks are managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The portfolio managers review daily forward looking cash reports which project cash obligations. These reports allow them to manage the Funds' cash obligations.

### d) Valuation of financial instruments

The Fund classifies financial instruments measured at fair value using a fair value hierarchy. The fair value hierarchy has the following categories:

**Level 1 – Quoted prices for identical instruments in active markets**

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Fund does not adjust the quoted price for these instruments.

**Level 2 – Valuation techniques using observable inputs other than quoted prices in level 1**

This category includes instruments valued using quoted prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Valuation techniques used for non-standardised financial instruments such as OTC derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity determined inputs.

**Level 3 – Valuation techniques using significant unobservable inputs**

This category includes all instruments where the valuation techniques used include inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

# 2. Financial Instruments and Risks continued

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager. The Investment Manager considers observable inputs to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The tables below are an analysis of the Funds' investment assets and investment liabilities measured at fair value at the Balance Sheet date.

| BlackRock Managed Volatility Fund | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | 530 | 95,547 | – | 96,077 |
| Investment liabilities | (114) | (91) | – | (205) |
| **29 February 2024** | | | | |
| Investment assets | 11 | 95,632 | – | 95,643 |
| Investment liabilities | (83) | (177) | – | (260) |

| BlackRock Managed Volatility Fund I | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | 4,859 | 432,447 | – | 437,306 |
| Investment liabilities | (426) | (901) | – | (1,327) |
| **29 February 2024** | | | | |
| Investment assets | 853 | 481,558 | – | 482,411 |
| Investment liabilities | (259) | (954) | – | (1,213) |

| BlackRock Managed Volatility Fund II | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | 1,387 | 110,183 | – | 111,570 |
| Investment liabilities | (34) | (412) | – | (446) |
| **29 February 2024** | | | | |
| Investment assets | 1,278 | 132,660 | – | 133,938 |
| Investment liabilities | – | (119) | – | (119) |

| BlackRock Managed Volatility Fund III | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | 567 | 37,451 | – | 38,018 |
| Investment liabilities | (96) | (19) | – | (115) |
| **29 February 2024** | | | | |
| Investment assets | 375 | 38,863 | – | 39,238 |
| Investment liabilities | – | (67) | – | (67) |

NM0625U-4588099-35/226

## 2. Financial Instruments and Risks continued

| BlackRock Managed Volatility Fund IV | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | 4,571 | 111,580 | – | 116,151 |
| Investment liabilities | (2,405) | (510) | – | (2,915) |
| **29 February 2024** | | | | |
| Investment assets | 8,185 | 116,319 | – | 124,504 |
| Investment liabilities | – | (506) | – | (506) |

| BlackRock UK Managed Volatility Fund I | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | 6,429 | 20,557 | – | 26,986 |
| Investment liabilities | (4) | – | – | (4) |
| **29 February 2024** | | | | |
| Investment assets | 5,668 | 25,984 | – | 31,652 |
| Investment liabilities | – | – | – | – |

| BlackRock UK Managed Volatility Fund II | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | 12,951 | 42,217 | – | 55,168 |
| Investment liabilities | – | – | – | – |
| **29 February 2024** | | | | |
| Investment assets | 9,497 | 44,690 | – | 54,187 |
| Investment liabilities | (60) | – | – | (60) |

| BlackRock UK Managed Volatility Fund III | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | 7,379 | 11,741 | – | 19,120 |
| Investment liabilities | (4) | – | – | (4) |
| **29 February 2024** | | | | |
| Investment assets | 7,665 | 11,386 | – | 19,051 |
| Investment liabilities | – | – | – | – |

| BlackRock Volatility Strategy Fund I | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | – | – | – | – |
| Investment liabilities | – | – | – | – |
| **29 February 2024** | | | | |
| Investment assets | – | 161,412 | – | 161,412 |
| Investment liabilities | – | (179) | – | (179) |

# 2. Financial Instruments and Risks continued

| BlackRock Volatility Strategy Fund II | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | – | – | – | – |
| Investment liabilities | – | – | – | – |
| **29 February 2024** | | | | |
| Investment assets | – | 394,549 | – | 394,549 |
| Investment liabilities | – | (392) | – | (392) |

| BlackRock Volatility Strategy Fund III | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | – | – | – | – |
| Investment liabilities | – | – | – | – |
| **29 February 2024** | | | | |
| Investment assets | – | 161,941 | – | 161,941 |
| Investment liabilities | – | (133) | – | (133) |

| BlackRock Volatility Strategy Fund IV | Level 1 £000's | Level 2 £000's | Level 3 £000's | Total £000's |
|---|---|---|---|---|
| **28 February 2025** | | | | |
| Investment assets | – | – | – | – |
| Investment liabilities | – | – | – | – |
| **29 February 2024** | | | | |
| Investment assets | – | 77,124 | – | 77,124 |
| Investment liabilities | – | (38) | – | (38) |

## e) Leverage

The Funds may employ leverage and borrow cash in accordance with their stated investment policy or investment strategy. The Funds may employ leverage in their investment programmes through various means including the use of Financial Derivative Instruments ("FDIs").

The use of borrowings and leverage has associated risks and can, in certain circumstances, substantially increase the adverse impact to which the Funds' investment portfolios may be subject.


NM0625U-4588099-37/226

# 2. Financial Instruments and Risks continued

For the purposes of this disclosure, leverage is any method by which the Funds' exposure is increased, whether through borrowing of cash or securities, or leverage embedded in derivative positions, or by any other means. The AIFMD requires that each leverage ratio be expressed as the ratio between a Fund's exposure and its NAV and prescribes two required methodologies, the gross methodology and the commitment methodology, for calculating such exposure using the methodologies prescribed under the AIFMD, the leverage of the Funds is disclosed in the table below.

| | Gross exposure | | | Commitment Approach | | |
|---|---|---|---|---|---|---|
| Fund | Maximum limit | Leverage as at 28.2.2025 | Leverage as at 29.2.2024 | Maximum limit | Leverage as at 28.2.2025 | Leverage as at 29.2.2024 |
| BlackRock Managed Volatility Fund | 6.0:1 | 1.2:1 | 1.8:1 | 2.0:1 | 1.2:1 | 1.1:1 |
| BlackRock Managed Volatility Fund I | 6.0:1 | 1.3:1 | 1.4:1 | 2.0:1 | 1.3:1 | 1.2:1 |
| BlackRock Managed Volatility Fund II | 6.0:1 | 1.3:1 | 1.2:1 | 2.0:1 | 1.3:1 | 1.2:1 |
| BlackRock Managed Volatility Fund III | 6.0:1 | 1.2:1 | 1.4:1 | 2.0:1 | 1.3:1 | 1.3:1 |
| BlackRock Managed Volatility Fund IV | 6.0:1 | 2.5:1 | 2.7:1 | 6.0:1 | 2.3:1 | 2.4:1 |
| BlackRock UK Managed Volatility Fund I | 2.5:1 | 1.0:1 | 1.2:1 | 2.5:1 | 1.1:1 | 1.3:1 |
| BlackRock UK Managed Volatility Fund II | 2.5:1 | 1.1:1 | 1.0:1 | 2.5:1 | 1.2:1 | 1.2:1 |
| BlackRock UK Managed Volatility Fund III | 2.5:1 | 1.2:1 | 1.1:1 | 2.5:1 | 1.4:1 | 1.3:1 |
| BlackRock Volatility Strategy Fund I | 4.1:1 | 0.0:1 | 1.7:1 | 2.1:1 | 0.0:1 | 1.3:1 |
| BlackRock Volatility Strategy Fund II | 4.1:1 | 0.0:1 | 1.6:1 | 2.1:1 | 0.0:1 | 1.3:1 |
| BlackRock Volatility Strategy Fund III | 4.1:1 | 0.0:1 | 1.4:1 | 2.1:1 | 0.0:1 | 1.2:1 |
| BlackRock Volatility Strategy Fund IV | 4.1:1 | 0.0:1 | 1.3:1 | 2.1:1 | 0.0:1 | 1.2:1 |

The maximum level of leverage which the Funds, or the Manager on the Funds' behalf, is permitted to use as part of the Funds' investment strategies is set out in the Prospectus and in the above table.

# BlackRock Managed Volatility Fund

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was established on 6 November 2012 and was authorised by the FCA on 11 October 2012. The Fund's FCA product reference number is 637730.

# BlackRock Managed Volatility Fund

## Comparative Table

| | C Accumulation Units | | |
|---|---|---|---|
| | For the year to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 137.4 | 133.0 | 144.4 |
| Return before operating charges | 9.96 | 4.69 | (11.11) |
| Operating charges | (0.33) | (0.31) | (0.31) |
| Return after operating charges | 9.63 | 4.38 | (11.42) |
| Distributions | (4.63) | (3.70) | (2.34) |
| Retained distributions on accumulation units | 4.63 | 3.70 | 2.34 |
| **Closing net asset value per unit** | 147.0 | 137.4 | 133.0 |
| After direct transaction costs of | (0.01) | (0.01) | (0.01) |
| **Performance** | | | |
| Return after charges[1] | 7.01% | 3.29% | (7.91)% |
| **Other information** | | | |
| Closing net asset value (£000's) | 110,006 | 123,613 | 148,586 |
| Closing number of units | 74,820,712 | 89,981,267 | 111,732,825 |
| Operating charges[2] | 0.23% | 0.23% | 0.23% |
| Direct transaction costs[3] | 0.00% | 0.01% | 0.00% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 158.2 | 149.2 | 156.4 |
| Lowest bid unit price | 138.1 | 128.5 | 124.9 |

1 The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

2 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).

3 Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of collective investment schemes. See note 16 for further details.

# BlackRock Managed Volatility Fund

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Gross revenue | 2.4998 | 0.1061 |
| Equalisation† | – | 2.3937 |
| **Distribution paid 30.4.2025** | **2.4998** | **2.4998** |
| **Distribution paid 30.4.2024** | **2.1389** | **2.1389** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Gross revenue | 2.1344 | 0.4560 |
| Equalisation† | – | 1.6784 |
| **Distribution paid 31.10.2024** | **2.1344** | **2.1344** |
| **Distribution paid 31.10.2023** | **1.5646** | **1.5646** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# Portfolio Statement

at 28 February 2025

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **COLLECTIVE INVESTMENT SCHEMES – 86.68%; 29.2.2024 77.18%** | | | |
| **Equity Funds – 22.71%; 29.2.2024 16.44%** | | | |
| 2,037,001 | iShares Continental European Equity Index Fund UK | 6,960 | 6.33 |
| 36,480 | iShares Japan Equity Index Fund UK | 108 | 0.10 |
| 1,166,803 | iShares North American Equity Index Fund UK | 7,567 | 6.88 |
| 740,637 | iShares Pacific ex Japan Equity Index Fund UK | 1,939 | 1.76 |
| 3,243,320 | iShares UK Equity Index Fund UK | 8,405 | 7.64 |
| | | **24,979** | **22.71** |
| **Fixed Income Funds – 61.31%; 29.2.2024 58.42%** | | | |
| 22,108,456 | BlackRock Collective Investment Funds - BlackRock Corporate Bond 1-10 Year Fund | 34,346 | 31.22 |
| 31,038,021 | iShares UK Gilts All Stocks Index Fund UK | 33,103 | 30.09 |
| | | **67,449** | **61.31** |
| **Short-term Money Market Funds – 2.66%; 29.2.2024 2.32%** | | | |
| 3,682,339 | BlackRock ICS US Dollar Liquidity Fund - Agency Income Class | **2,923** | **2.66** |

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **DERIVATIVES – 0.47%; 29.2.2024 (0.02%)** | | | |
| **Forward Currency Contracts – 0.09%; 29.2.2024 0.04%** | | | |
| AU$1,805,618 | Australian Dollar vs UK Sterling | (24) | (0.02) |
| €4,477,714 | Euro vs UK Sterling | (34) | (0.02) |
| ¥184,199,294 | Japanese Yen vs UK Sterling | 3 | 0.00 |
| £880,068 | UK Sterling vs Australian Dollar | 21 | 0.01 |
| £3,397,677 | UK Sterling vs Euro | 63 | 0.05 |
| £555,818 | UK Sterling vs Japanese Yen | (1) | 0.00 |
| £5,349,966 | UK Sterling vs US Dollar | 109 | 0.09 |
| US$6,786,746 | US Dollar vs UK Sterling | (32) | (0.02) |
| | | **105** | **0.09** |
| **Futures – 0.38%; 29.2.2024 (0.06%)** | | | |
| 15 | Euro Stoxx 50 March 2025 | 28 | 0.02 |
| 142 | FTSE 100 Index March 2025 | 502 | 0.46 |
| 2 | KOSPI SPI 200 Index March 2025 | (5) | (0.01) |
| 13 | S&P 500 E-Mini Index March 2025 | (93) | (0.08) |

## Portfolio Statement continued

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| | 5 TOPIX Index March 2025 | (16) | (0.01) |
| | | **416** | **0.38** |
| | **Portfolio of investments** | **95,872** | **87.15** |
| | **CASH EQUIVALENTS** | | |
| | **Short-term Money Market Funds – 11.59%; 29.2.2024 22.10%** | | |
| 12,754,243 | BlackRock ICS Sterling Liquidity Fund - Agency Income Class | **12,754** | **11.59** |
| | Net other assets | 1,380 | 1.26 |
| | **Total net assets** | **110,006** | **100.00** |

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

The counterparties for the forward currency contracts are Bank of America Merrill Lynch, Bank of New York Mellon International, Barclays Bank Plc, BNP Paribas Arbitrage SNC, Goldman Sachs International, HSBC Bank Plc, J.P. Morgan Securities Plc, Morgan Stanley & Co. International Plc, Royal Bank of Canada, Société Générale SA, Standard Chartered Bank, State Street Global Advisors Limited, Toronto-Dominion Bank and UBS AG.

All underlying funds are managed by a related party.

# BlackRock Managed Volatility Fund

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains | 3 | | 4,058 | | 185 |
| Revenue | 4 | 4,189 | | 4,193 | |
| Expenses | 5 | (249) | | (289) | |
| Interest payable and similar charges | 6 | (5) | | (42) | |
| Net revenue before taxation | | 3,935 | | 3,862 | |
| Taxation | 7 | – | | – | |
| Net revenue after taxation | | | 3,935 | | 3,862 |
| Total return before distributions | | | 7,993 | | 4,047 |
| Distributions | 8 | | (3,935) | | (3,862) |
| **Change in net assets attributable to unitholders from investment activities** | | | **4,058** | | **185** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 123,613 | | 148,586 |
| Amounts receivable on issue of units | 507 | | 886 | |
| Amounts payable on cancellation of units | (21,795) | | (29,556) | |
| | | (21,288) | | (28,670) |
| Change in net assets attributable to unitholders from investment activities | | 4,058 | | 185 |
| Retained distribution on accumulation units | | 3,623 | | 3,512 |
| **Closing net assets attributable to unitholders** | | **110,006** | | **123,613** |

# BlackRock Managed Volatility Fund

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | 96,077 | 95,643 |
| Current assets | | | |
| – Debtors | 9 | 62 | 123 |
| – Cash and bank balances | 10 | 1,590 | 1,768 |
| – Cash equivalents | 11 | 12,754 | 27,324 |
| **Total assets** | | **110,483** | **124,858** |
| **Liabilities:** | | | |
| Investment liabilities | | (205) | (260) |
| Creditors | | | |
| – Amounts due to futures clearing houses and brokers | | (19) | (11) |
| – Other creditors | 12 | (253) | (974) |
| **Total liabilities** | | **(477)** | **(1,245)** |
| **Net assets attributable to unitholders** | | **110,006** | **123,613** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025

# Notes to Financial Statements

for the year ended 28 February 2025

## 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

## 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

## 3. Net Capital Gains

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains comprise: | | |
| Gains on non-derivative securities | 3,518 | 2,308 |
| Gains/(losses) on derivative securities | 554 | (2,035) |
| Currency losses | (5) | (79) |
| Custodian transaction costs | (9) | (9) |
| **Net capital gains** | **4,058** | **185** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £4,067,000 comprise net realised losses of £(844,000) and net unrealised gains of £4,911,000 (29 February 2024: £194,000 comprising net realised losses of £(1,527,000) and net unrealised gains of £1,721,000). Certain realised gains and losses in the current year were unrealised in the prior year.

## 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Equity distributions on CIS holdings | 550 | 670 |
| Interest distributions on CIS holdings | 2,503 | 2,115 |
| Interest from UK bank deposits | 42 | 72 |
| Interest on balances held at futures clearing houses and brokers | 26 | 24 |
| Revenue from short-term money market funds | 1,068 | 1,312 |
| **Total revenue** | **4,189** | **4,193** |

# Notes to Financial Statements continued

## 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 234 | 271 |
| | 234 | 271 |
| Other expenses: | | |
| – Audit fee | 8 | 9 |
| – Legal and other professional fees | 1 | 1 |
| – Trustee's fees | 6 | 8 |
| | 15 | 18 |
| **Total expenses** | **249** | **289** |

## 6. Interest Payable and Similar Charges

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interest on bank overdrafts | 5 | 22 |
| Interest paid on margin deposits | – | 20 |
| **Total interest payable and similar charges** | **5** | **42** |

## 7. Taxation

### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Corporation tax | – | – |
| **Total tax charge [see note 7(b)]** | **–** | **–** |

## Notes to Financial Statements continued

### 7. Taxation continued

**(b) Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 3,935 | 3,862 |
| Corporation tax at 20% (29 February 2024: 20%) | 787 | 772 |
| Effects of: | | |
| Revenue not subject to tax | (110) | (134) |
| Tax deductible interest distributions | (677) | (638) |
| **Total tax charge [see note 7(a)]** | **–** | **–** |

### 8. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 1,753 | 1,587 |
| Final distribution | 1,870 | 1,925 |
| | 3,623 | 3,512 |
| Add: Amounts deducted on cancellation of units | 318 | 358 |
| Less: Amounts received on issue of units | (6) | (8) |
| **Distributions** | **3,935** | **3,862** |

Details of the interim and final distributions per unit are set out in the tables on page 40.

### 9. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued revenue | 61 | 123 |
| Income tax recoverable | 1 | – |
| **Total debtors** | **62** | **123** |

# Notes to Financial Statements continued

## 10. Cash and Bank Balances

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Amount held at futures clearing houses and brokers | 463 | 566 |
| Cash and bank balances | 1,127 | 1,202 |
| **Total cash and bank balances** | **1,590** | **1,768** |

## 11. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | 12,754 | 27,324 |
| **Total cash equivalents** | **12,754** | **27,324** |

## 12. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | 17 | 85 |
| Accrued Audit fee | 8 | 8 |
| Accrued Trustee's fee | 2 | 10 |
| Amounts payable for cancellation of units | 224 | 870 |
| Custodian transaction costs | 2 | 1 |
| **Total other creditors** | **253** | **974** |

## 13. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

## 14. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

## 15. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

## Notes to Financial Statements continued

### 15. Related Parties continued

The following entities were related parties of the Fund during the year ended 28 February 2025:

| | |
|---|---|
| Manager/Registrar: | BlackRock Fund Managers Limited |
| Investment Manager: | BlackRock Investment Management (UK) Limited |

The ultimate holding company of the Manager, Registrar and Investment Manager is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 and 12. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 12.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not

## Notes to Financial Statements continued

### 15. Related Parties continued

be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025 and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 98% |

As at 29 February 2024:

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 100% |

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

# Notes to Financial Statements continued

## 16. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 4,581 | – | – | – | – |
| **Total purchases** | **4,581** | **–** | | **–** | |
| **Total purchases including transaction costs** | **4,581** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 11,236 | – | – | – | – |
| **Total sales** | **11,236** | **–** | | **–** | |
| **Total sales net of transaction costs** | **11,236** | | | | |
| **Derivative transaction costs** | | **6** | | **–** | |
| **Total transaction costs** | | **6** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 17,319 | – | – | – | – |
| **Total purchases** | **17,319** | **–** | | **–** | |
| **Total purchases including transaction costs** | **17,319** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 47,886 | – | – | – | – |
| **Total sales** | **47,886** | **–** | | **–** | |
| **Total sales net of transaction costs** | **47,886** | | | | |
| **Derivative transaction costs** | | **10** | | **–** | |
| **Total transaction costs** | | **10** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.01%** | | **0.00%** | |

The above analysis covers any direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

During the year the Fund utilised FDIs including futures covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.00% (29 February 2024: 0.00%).

### 17. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units |
|---|---|
| Balance at the beginning of the year | 89,981,267 |
| Issued during the year | 366,994 |
| Cancelled during the year | (15,527,549) |
| **Balance at the end of the year** | **74,820,712** |

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

### 18. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# BlackRock Managed Volatility Fund I

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was established on 10 February 2012 and was authorised by the FCA on 16 December 2011. The Fund's FCA product reference number is 637727.

# BlackRock Managed Volatility Fund I

## Comparative Table

| | C Accumulation Units | | |
|---|---|---|---|
| | For the year to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 159.5 | 151.1 | 162.6 |
| Return before operating charges | 14.06 | 8.75 | (11.12) |
| Operating charges | (0.37) | (0.34) | (0.34) |
| Return after operating charges | 13.69 | 8.41 | (11.46) |
| Distributions | (5.40) | (4.26) | (3.12) |
| Retained distributions on accumulation units | 5.40 | 4.26 | 3.12 |
| **Closing net asset value per unit** | 173.2 | 159.5 | 151.1 |
| After direct transaction costs of | (0.01) | (0.01) | (0.01) |
| **Performance** | | | |
| Return after charges[1] | 8.58% | 5.57% | (7.05)% |
| **Other information** | | | |
| Closing net asset value (£000's) | 518,464 | 593,917 | 681,069 |
| Closing number of units | 299,356,584 | 372,331,038 | 450,609,960 |
| Operating charges[2] | 0.22% | 0.22% | 0.22% |
| Direct transaction costs[3] | 0.00% | 0.01% | 0.01% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 186.5 | 172.5 | 175.9 |
| Lowest bid unit price | 160.4 | 147.3 | 142.2 |

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

[2] 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).

[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of collective investment schemes. See note 16 for further details.

# BlackRock Managed Volatility Fund I

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Gross revenue | 2.9645 | 0.1524 |
| Equalisation† | – | 2.8121 |
| **Distribution paid 30.4.2025** | **2.9645** | **2.9645** |
| **Distribution paid 30.4.2024** | **2.5429** | **2.5429** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Gross revenue | 2.4337 | 0.4525 |
| Equalisation† | – | 1.9812 |
| **Distribution paid 31.10.2024** | **2.4337** | **2.4337** |
| **Distribution paid 31.10.2023** | **1.7218** | **1.7218** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# BlackRock Managed Volatility Fund I

## Portfolio Statement

at 28 February 2025

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **COLLECTIVE INVESTMENT SCHEMES – 83.31%; 29.2.2024 80.94%** | | | |
| **Equity Funds – 28.33%; 29.2.2024 26.45%** | | | |
| 6,883,235 | iShares Continental European Equity Index Fund UK | 23,517 | 4.53 |
| 1,243,481 | iShares Japan Equity Index Fund UK | 3,678 | 0.71 |
| 8,607,071 | iShares North American Equity Index Fund UK | 55,818 | 10.77 |
| 2,817,173 | iShares Pacific ex Japan Equity Index Fund UK | 7,376 | 1.42 |
| 21,805,039 | iShares UK Equity Index Fund UK | 56,511 | 10.90 |
| | | **146,900** | **28.33** |
| **Fixed Income Funds – 50.91%; 29.2.2024 51.02%** | | | |
| 86,499,274 | BlackRock Collective Investment Funds - BlackRock Corporate Bond 1-10 Year Fund | 134,379 | 25.92 |
| 121,470,369 | iShares UK Gilts All Stocks Index Fund UK | 129,550 | 24.99 |
| | | **263,929** | **50.91** |
| **Short-term Money Market Funds – 4.07%; 29.2.2024 3.47%** | | | |
| 26,586,728 | BlackRock ICS US Dollar Liquidity Fund - Agency Income Class | **21,108** | **4.07** |

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **DERIVATIVES – 0.78%; 29.2.2024 0.08%** | | | |
| **Forward Currency Contracts – (0.08%); 29.2.2024 (0.02%)** | | | |
| AU$15,195,530 | Australian Dollar vs UK Sterling | (240) | (0.03) |
| €50,282,737 | Euro vs UK Sterling | (606) | (0.10) |
| ¥388,916,368 | Japanese Yen vs UK Sterling | 11 | 0.00 |
| £4,464,285 | UK Sterling vs Australian Dollar | 97 | 0.01 |
| £24,898,393 | UK Sterling vs Euro | 227 | 0.03 |
| £1,312,399 | UK Sterling vs Japanese Yen | (1) | 0.00 |
| £30,299,352 | UK Sterling vs US Dollar | 175 | 0.03 |
| US$23,214,641 | US Dollar vs UK Sterling | (54) | (0.02) |
| | | **(391)** | **(0.08)** |
| **Futures – 0.86%; 29.2.2024 0.10%** | | | |
| 468 | Euro Stoxx 50 March 2025 | 1,552 | 0.30 |
| 804 | FTSE 100 Index March 2025 | 3,307 | 0.64 |
| 51 | KOSPI SPI 200 Index March 2025 | (112) | (0.02) |
| 34 | S&P 500 E-Mini Index March 2025 | (282) | (0.05) |

# BlackRock Managed Volatility Fund I

## Portfolio Statement continued

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| 10 | TOPIX Index March 2025 | (32) | (0.01) |
| | | **4,433** | **0.86** |
| **Portfolio of investments** | | **435,979** | **84.09** |
| **CASH EQUIVALENTS** | | | |
| **Short-term Money Market Funds – 14.34%; 29.2.2024 17.27%** | | | |
| 74,351,344 | BlackRock ICS Sterling Liquidity Fund - Agency Income Class | **74,351** | **14.34** |
| Net other assets | | 8,134 | 1.57 |
| **Total net assets** | | **518,464** | **100.00** |

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

The counterparties for the forward currency contracts are Bank of America Merrill Lynch, Bank of New York Mellon International, Barclays Bank Plc, BNP Paribas Arbitrage SNC, Goldman Sachs International, HSBC Bank Plc, J.P. Morgan Securities Plc, Morgan Stanley & Co. International Plc, Royal Bank of Canada, Standard Chartered Bank, State Street Global Advisors Limited and Toronto-Dominion Bank.

All underlying funds are managed by a related party.

# BlackRock Managed Volatility Fund I

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains | 3 | | 27,667 | | 14,695 |
| Revenue | 4 | 19,779 | | 19,388 | |
| Expenses | 5 | (1,153) | | (1,316) | |
| Interest payable and similar charges | 6 | (21) | | (56) | |
| Net revenue before taxation | | 18,605 | | 18,016 | |
| Taxation | 7 | (2) | | (1) | |
| Net revenue after taxation | | | 18,603 | | 18,015 |
| Total return before distributions | | | 46,270 | | 32,710 |
| Distributions | 8 | | (18,603) | | (18,015) |
| **Change in net assets attributable to unitholders from investment activities** | | | **27,667** | | **14,695** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 593,917 | | 681,069 |
| Amounts receivable on issue of units | 1,559 | | 3,794 | |
| Amounts payable on cancellation of units | (121,589) | | (122,223) | |
| | | (120,030) | | (118,429) |
| Change in net assets attributable to unitholders from investment activities | | 27,667 | | 14,695 |
| Retained distribution on accumulation units | | 16,910 | | 16,582 |
| **Closing net assets attributable to unitholders** | | **518,464** | | **593,917** |

# BlackRock Managed Volatility Fund I

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | 437,306 | 482,411 |
| Current assets | | | |
| – Debtors | 9 | 370 | 550 |
| – Cash and bank balances | 10 | 10,530 | 12,209 |
| – Cash equivalents | 11 | 74,351 | 102,584 |
| **Total assets** | | **522,557** | **597,754** |
| **Liabilities:** | | | |
| Investment liabilities | | (1,327) | (1,213) |
| Creditors | | | |
| – Amounts due to futures clearing houses and brokers | | (1,868) | (948) |
| – Other creditors | 12 | (898) | (1,676) |
| **Total liabilities** | | **(4,093)** | **(3,837)** |
| **Net assets attributable to unitholders** | | **518,464** | **593,917** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025

# Notes to Financial Statements

for the year ended 28 February 2025

## 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

## 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

## 3. Net Capital Gains

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains comprise: | | |
| Gains on non-derivative securities | 20,275 | 14,115 |
| Gains on derivative securities | 7,565 | 954 |
| Currency losses | (163) | (363) |
| Custodian transaction costs | (10) | (11) |
| **Net capital gains** | **27,667** | **14,695** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £27,677,000 comprise net realised gains of £8,472,000 and net unrealised gains of £19,205,000 (29 February 2024: £14,706,000 comprising net realised gains of £16,140,000 and net unrealised losses of £(1,434,000)). Certain realised gains and losses in the current year were unrealised in the prior year.

## 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Equity distributions on CIS holdings | 3,990 | 4,182 |
| Interest distributions on CIS holdings | 10,144 | 8,042 |
| Interest from UK bank deposits | 181 | 290 |
| Interest on balances held at futures clearing houses and brokers | 156 | 67 |
| Revenue from short-term money market funds | 5,308 | 6,807 |
| **Total revenue** | **19,779** | **19,388** |

# Notes to Financial Statements continued

## 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 1,114 | 1,264 |
| | 1,114 | 1,264 |
| Other expenses: | | |
| – Audit fee | 8 | 9 |
| – Legal and other professional fees | 3 | 4 |
| – Trustee's fees | 28 | 39 |
| | 39 | 52 |
| **Total expenses** | **1,153** | **1,316** |

## 6. Interest Payable and Similar Charges

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interest on bank overdrafts | 21 | 56 |
| **Total interest payable and similar charges** | **21** | **56** |

## 7. Taxation

### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Irrecoverable UK Income tax | 1 | – |
| Corporation tax | – | 1 |
| Corporation tax prior year adjustment | 1 | – |
| **Total tax charge [see note 7(b)]** | **2** | **1** |


NM0625U-4588099-63/226

# Notes to Financial Statements continued

## 7. Taxation continued

### (b) Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 18,605 | 18,016 |
| Corporation tax at 20% (29 February 2024: 20%) | 3,721 | 3,603 |
| Effects of: | | |
| Irrecoverable UK Income tax | 1 | – |
| Prior year adjustment | 1 | – |
| Revenue not subject to tax | (798) | (834) |
| Tax deductible interest distributions | (2,923) | (2,768) |
| **Total tax charge [see note 7(a)]** | **2** | **1** |

## 8. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 8,035 | 7,114 |
| Final distribution | 8,875 | 9,468 |
| | 16,910 | 16,582 |
| Add: Amounts deducted on cancellation of units | 1,715 | 1,468 |
| Less: Amounts received on issue of units | (22) | (35) |
| **Distributions** | **18,603** | **18,015** |

Details of the interim and final distributions per unit are set out in the tables on page 56.

## 9. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued revenue | 369 | 549 |
| Income tax recoverable | 1 | 1 |
| **Total debtors** | **370** | **550** |

# Notes to Financial Statements continued

## 10. Cash and Bank Balances

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Amount held at futures clearing houses and brokers | 2,934 | 5,902 |
| Cash and bank balances | 7,596 | 6,307 |
| **Total cash and bank balances** | **10,530** | **12,209** |

## 11. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | 74,351 | 102,584 |
| **Total cash equivalents** | **74,351** | **102,584** |

## 12. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | 80 | 401 |
| Accrued Audit fee | 8 | 8 |
| Accrued Trustee's fee | 11 | 49 |
| Amounts payable for cancellation of units | 797 | 1,216 |
| Custodian transaction costs | 2 | 2 |
| **Total other creditors** | **898** | **1,676** |

## 13. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

## 14. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

## 15. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.


NM0625U-4588099-65/226

## Notes to Financial Statements continued

### 15. Related Parties continued

The following entities were related parties of the Fund during the year ended 28 February 2025:

| | |
|---|---|
| Manager/Registrar: | BlackRock Fund Managers Limited |
| Investment Manager: | BlackRock Investment Management (UK) Limited |

The ultimate holding company of the Manager, Registrar and Investment Manager is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 and 12. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 12.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not

## Notes to Financial Statements continued

### 15. Related Parties continued

be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025 and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 96% |

As at 29 February 2024:

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 100% |

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

# Notes to Financial Statements continued

## 16. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | – | – | – | – | – |
| **Total purchases** | **–** | **–** | | **–** | |
| **Total purchases including transaction costs** | **–** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 83,523 | – | – | – | – |
| **Total sales** | **83,523** | **–** | | **–** | |
| **Total sales net of transaction costs** | **83,523** | | | | |
| **Derivative transaction costs** | | **24** | | **–** | |
| **Total transaction costs** | | **24** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |

# Notes to Financial Statements continued

## 16. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 45,663 | – | – | – | – |
| **Total purchases** | **45,663** | **–** | | **–** | |
| **Total purchases including transaction costs** | **45,663** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 119,431 | – | – | – | – |
| **Total sales** | **119,431** | **–** | | **–** | |
| **Total sales net of transaction costs** | **119,431** | | | | |
| **Derivative transaction costs** | | **45** | | **–** | |
| **Total transaction costs** | | **45** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.01%** | | **0.00%** | |

The above analysis covers any direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

During the year the Fund utilised FDIs including futures covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.


NM0625U-4588099-69/226

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.00% (29 February 2024: 0.00%).

### 17. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units |
|---|---|
| Balance at the beginning of the year | 372,331,038 |
| Issued during the year | 951,696 |
| Cancelled during the year | (73,926,150) |
| **Balance at the end of the year** | **299,356,584** |

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

### 18. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# BlackRock Managed Volatility Fund II

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was established on 10 February 2012 and was authorised by the FCA on 16 December 2011. The Fund's FCA product reference number is 637728.

# BlackRock Managed Volatility Fund II

## Comparative Table

| | C Accumulation Units | | |
|---|---|---|---|
| | For the year to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 174.0 | 164.2 | 172.9 |
| Return before operating charges | 16.89 | 10.13 | (8.36) |
| Operating charges | (0.42) | (0.38) | (0.38) |
| Return after operating charges | 16.47 | 9.75 | (8.74) |
| Distributions | (5.21) | (4.06) | (3.37) |
| Retained distributions on accumulation units | 5.21 | 4.06 | 3.37 |
| **Closing net asset value per unit** | 190.5 | 174.0 | 164.2 |
| After direct transaction costs of | (0.01) | (0.01) | (0.01) |
| **Performance** | | | |
| Return after charges[1] | 9.47% | 5.94% | (5.05)% |
| **Other information** | | | |
| Closing net asset value (£000's) | 141,543 | 160,074 | 178,650 |
| Closing number of units | 74,311,811 | 92,020,419 | 108,828,664 |
| Operating charges[2] | 0.23% | 0.23% | 0.23% |
| Direct transaction costs[3] | 0.00% | 0.01% | 0.01% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 205.3 | 187.1 | 186.6 |
| Lowest bid unit price | 174.5 | 159.5 | 152.9 |

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

[2] 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).

[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of collective investment schemes. See note 16 for further details.

# BlackRock Managed Volatility Fund II

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Net revenue (dividend) | 3.1736 | 0.2038 |
| Equalisation† | – | 2.9698 |
| **Distribution paid 30.4.2025** | **3.1736** | **3.1736** |
| **Distribution paid 30.4.2024** | **2.4946** | **2.4946** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Net revenue (dividend) | 2.0398 | 0.2906 |
| Equalisation† | – | 1.7492 |
| **Distribution paid 31.10.2024** | **2.0398** | **2.0398** |
| **Distribution paid 31.10.2023** | **1.5658** | **1.5658** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.


BIM062511-4588098-72/226

# BlackRock Managed Volatility Fund II

## Portfolio Statement

at 28 February 2025

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **COLLECTIVE INVESTMENT SCHEMES – 77.80%; 29.2.2024 82.87%** | | | |
| **Equity Funds – 33.11%; 29.2.2024 40.43%** | | | |
| 3,082,713 | iShares Continental European Equity Index Fund UK | 10,532 | 7.44 |
| 299,469 | iShares Japan Equity Index Fund UK | 886 | 0.63 |
| 1,648,088 | iShares North American Equity Index Fund UK | 10,688 | 7.55 |
| 1,251,326 | iShares Pacific ex Japan Equity Index Fund UK | 3,276 | 2.31 |
| 8,288,882 | iShares UK Equity Index Fund UK | 21,482 | 15.18 |
| | | **46,864** | **33.11** |
| **Fixed Income Funds – 41.19%; 29.2.2024 39.63%** | | | |
| 19,209,858 | BlackRock Collective Investment Funds - BlackRock Corporate Bond 1-10 Year Fund | 29,843 | 21.08 |
| 26,689,687 | iShares UK Gilts All Stocks Index Fund UK | 28,465 | 20.11 |
| | | **58,308** | **41.19** |
| **Short-term Money Market Funds – 3.50%; 29.2.2024 2.81%** | | | |
| 6,234,408 | BlackRock ICS US Dollar Liquidity Fund - Agency Income Class | **4,950** | **3.50** |

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **DERIVATIVES – 0.71%; 29.2.2024 0.73%** | | | |
| **Forward Currency Contracts – (0.25%); 29.2.2024 (0.07%)** | | | |
| AU$2,129,427 | Australian Dollar vs UK Sterling | (34) | (0.02) |
| €2,891,749 | Euro vs UK Sterling | (29) | 0.00 |
| ¥285,351,644 | Japanese Yen vs UK Sterling | 5 | 0.00 |
| £757,587 | UK Sterling vs Australian Dollar | 23 | 0.01 |
| £2,222,027 | UK Sterling vs Euro | 25 | 0.02 |
| £806,578 | UK Sterling vs Japanese Yen | 2 | 0.00 |
| £10,738,940 | UK Sterling vs US Dollar | 6 | 0.00 |
| US$20,394,471 | US Dollar vs UK Sterling | (349) | (0.26) |
| | | **(351)** | **(0.25)** |
| **Futures – 0.96%; 29.2.2024 0.80%** | | | |
| 80 | Euro Stoxx 50 March 2025 | 310 | 0.22 |
| 236 | FTSE 100 Index March 2025 | 1,077 | 0.76 |
| 9 | KOSPI SPI 200 Index March 2025 | (15) | (0.01) |
| 44 | S&P 500 E-Mini Index March 2025^ | – | 0.00 |

# BlackRock Managed Volatility Fund II

## Portfolio Statement continued

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| | 6 TOPIX Index March 2025 | (19) | (0.01) |
| | | **1,353** | **0.96** |
| **Portfolio of investments** | | **111,124** | **78.51** |
| **CASH EQUIVALENTS** | | | |
| **Short-term Money Market Funds – 18.35%; 29.2.2024 13.94%** | | | |
| 25,975,767 | BlackRock ICS Sterling Liquidity Fund - Agency Income Class | **25,976** | **18.35** |
| Net other assets | | 4,443 | 3.14 |
| **Total net assets** | | **141,543** | **100.00** |

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

The counterparties for the forward currency contracts are Bank of New York Mellon International, Barclays Bank Plc, BNP Paribas Arbitrage SNC, Goldman Sachs International, HSBC Bank Plc, J.P. Morgan Securities Plc, Morgan Stanley & Co. International Plc, Royal Bank of Canada, Société Générale SA, Standard Chartered Bank, State Street Global Advisors Limited, Toronto-Dominion Bank and UBS AG.

All underlying funds are managed by a related party.

^ All securities that have a value of less than £500 have been rounded to zero.

# BlackRock Managed Volatility Fund II

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains | 3 | | 9,392 | | 5,072 |
| Revenue | 4 | 5,427 | | 5,149 | |
| Expenses | 5 | (320) | | (354) | |
| Interest payable and similar charges | 6 | (11) | | (26) | |
| Net revenue before taxation | | 5,096 | | 4,769 | |
| Taxation | 7 | (652) | | (608) | |
| Net revenue after taxation | | | 4,444 | | 4,161 |
| Total return before distributions | | | 13,836 | | 9,233 |
| Distributions | 8 | | (4,444) | | (4,161) |
| **Change in net assets attributable to unitholders from investment activities** | | | **9,392** | | **5,072** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 160,074 | | 178,650 |
| Amounts receivable on issue of units | 1,541 | | 1,694 | |
| Amounts payable on cancellation of units | (33,501) | | (29,205) | |
| | | (31,960) | | (27,511) |
| Change in net assets attributable to unitholders from investment activities | | 9,392 | | 5,072 |
| Retained distribution on accumulation units | | 4,037 | | 3,863 |
| **Closing net assets attributable to unitholders** | | **141,543** | | **160,074** |

# BlackRock Managed Volatility Fund II

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | 111,570 | 133,938 |
| Current assets | | | |
| – Debtors | 9 | 123 | 118 |
| – Cash and bank balances | 10 | 5,915 | 5,558 |
| – Cash equivalents | 11 | 25,976 | 22,309 |
| **Total assets** | | **143,584** | **161,923** |
| **Liabilities:** | | | |
| Investment liabilities | | (446) | (119) |
| Creditors | | | |
| – Amounts due to futures clearing houses and brokers | | (494) | (1,143) |
| – Other creditors | 12 | (1,101) | (587) |
| **Total liabilities** | | **(2,041)** | **(1,849)** |
| **Net assets attributable to unitholders** | | **141,543** | **160,074** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025

# Notes to Financial Statements

for the year ended 28 February 2025

## 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

## 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

## 3. Net Capital Gains

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains comprise: | | |
| Gains on non-derivative securities | 8,302 | 4,080 |
| Gains on derivative securities | 1,220 | 1,108 |
| Currency losses | (122) | (108) |
| Custodian transaction costs | (8) | (8) |
| **Net capital gains** | **9,392** | **5,072** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £9,400,000 comprise net realised gains of £12,171,000 and net unrealised losses of £(2,771,000) (29 February 2024: £5,080,000 comprising net realised losses of £(283,000) and net unrealised gains of £5,363,000). Certain realised gains and losses in the current year were unrealised in the prior year.

## 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Equity distributions on CIS holdings | 1,835 | 1,727 |
| Interest distributions on CIS holdings | 2,205 | 1,572 |
| Interest from UK bank deposits | 146 | 157 |
| Interest on balances held at futures clearing houses and brokers | 38 | 20 |
| Revenue from short-term money market funds | 1,203 | 1,673 |
| **Total revenue** | **5,427** | **5,149** |

# Notes to Financial Statements continued

## 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 303 | 334 |
| | 303 | 334 |
| Other expenses: | | |
| – Audit fee | 8 | 9 |
| – Legal and other professional fees | 1 | 1 |
| – Trustee's fees | 8 | 10 |
| | 17 | 20 |
| **Total expenses** | **320** | **354** |

## 6. Interest Payable and Similar Charges

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interest on bank overdrafts | 11 | 26 |
| **Total interest payable and similar charges** | **11** | **26** |

## 7. Taxation

### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Corporation tax | 652 | 608 |
| **Total tax charge [see note 7(b)]** | **652** | **608** |

# Notes to Financial Statements continued

## 7. Taxation continued

### (b) Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 5,096 | 4,769 |
| Corporation tax at 20% (29 February 2024: 20%) | 1,019 | 954 |
| Effects of: | | |
| Revenue not subject to tax | (367) | (346) |
| **Total tax charge [see note 7(a)]** | **652** | **608** |

## 8. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 1,678 | 1,568 |
| Final distribution | 2,359 | 2,295 |
| | 4,037 | 3,863 |
| Add: Amounts deducted on cancellation of units | 425 | 314 |
| Less: Amounts received on issue of units | (18) | (16) |
| **Distributions** | **4,444** | **4,161** |

Details of the interim and final distributions per unit are set out in the tables on page 72.

## 9. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued revenue | 123 | 117 |
| Income tax recoverable | – | 1 |
| **Total debtors** | **123** | **118** |

## Notes to Financial Statements continued

### 10. Cash and Bank Balances

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Amount held at futures clearing houses and brokers | 938 | 1,561 |
| Cash and bank balances | 4,977 | 3,997 |
| **Total cash and bank balances** | **5,915** | **5,558** |

### 11. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | 25,976 | 22,309 |
| **Total cash equivalents** | **25,976** | **22,309** |

### 12. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | 22 | 106 |
| Accrued Audit fee | 8 | 8 |
| Accrued Trustee's fee | 3 | 13 |
| Amounts payable for cancellation of units | 809 | 218 |
| Corporation tax payable | 258 | 240 |
| Custodian transaction costs | 1 | 2 |
| **Total other creditors** | **1,101** | **587** |

### 13. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

### 14. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

### 15. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

## Notes to Financial Statements continued

### 15. Related Parties continued

The following entities were related parties of the Fund during the year ended 28 February 2025:

| | |
|---|---|
| Manager/Registrar: | BlackRock Fund Managers Limited |
| Investment Manager: | BlackRock Investment Management (UK) Limited |

The ultimate holding company of the Manager, Registrar and Investment Manager is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 and 12. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 12.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not

## Notes to Financial Statements continued

### 15. Related Parties continued

be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025 and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 94% |

As at 29 February 2024:

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 100% |

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

# Notes to Financial Statements continued

## 16. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | – | – | – | – | – |
| **Total purchases** | **–** | **–** | | **–** | |
| **Total purchases including transaction costs** | **–** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 35,309 | – | – | – | – |
| **Total sales** | **35,309** | **–** | | **–** | |
| **Total sales net of transaction costs** | **35,309** | | | | |
| **Derivative transaction costs** | | **7** | | **–** | |
| **Total transaction costs** | | **7** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |

# Notes to Financial Statements continued

## 16. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| **Purchases (excluding derivatives)** | **Transaction Value £000's** | **Commissions £000's** | **%** | **Taxes £000's** | **%** |
| Collective investment schemes | – | – | – | – | – |
| **Total purchases** | **–** | **–** | | **–** | |
| **Total purchases including transaction costs** | **–** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| **Sales (excluding derivatives)** | **Transaction Value £000's** | **Commissions £000's** | **%** | **Taxes £000's** | **%** |
| Collective investment schemes | 11,696 | – | – | – | – |
| **Total sales** | **11,696** | **–** | | **–** | |
| **Total sales net of transaction costs** | **11,696** | | | | |
| **Derivative transaction costs** | | **10** | | **–** | |
| **Total transaction costs** | | **10** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.01%** | | **0.00%** | |

The above analysis covers any direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

During the year the Fund utilised FDIs including futures covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.


NM0625U-4588099-85/226

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.00% (29 February 2024: 0.00%).

### 17. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units |
|---|---|
| Balance at the beginning of the year | 92,020,419 |
| Issued during the year | 867,530 |
| Cancelled during the year | (18,576,138) |
| **Balance at the end of the year** | **74,311,811** |

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

### 18. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# BlackRock Managed Volatility Fund III

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was established on 10 February 2012 and was authorised by the FCA on 16 December 2011. The Fund's FCA product reference number is 637729.

# BlackRock Managed Volatility Fund III

## Comparative Table

| | C Accumulation Units | | |
|---|---|---|---|
| | For the year to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 188.0 | 177.1 | 183.9 |
| Return before operating charges | 20.57 | 11.31 | (6.37) |
| Operating charges | (0.50) | (0.45) | (0.44) |
| Return after operating charges | 20.07 | 10.86 | (6.81) |
| Distributions | (5.55) | (4.58) | (3.61) |
| Retained distributions on accumulation units | 5.55 | 4.58 | 3.61 |
| **Closing net asset value per unit** | 208.1 | 188.0 | 177.1 |
| After direct transaction costs of | (0.01) | (0.01) | (0.01) |
| **Performance** | | | |
| Return after charges[1] | 10.68% | 6.13% | 3.70% |
| **Other information** | | | |
| Closing net asset value (£000's) | 46,622 | 48,265 | 54,139 |
| Closing number of units | 22,406,927 | 25,677,661 | 30,571,295 |
| Operating charges[2] | 0.25% | 0.25% | 0.25% |
| Direct transaction costs[3] | 0.00% | 0.01% | 0.01% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 224.7 | 201.9 | 199.0 |
| Lowest bid unit price | 188.5 | 171.1 | 163.0 |

1 The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

2 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).

3 Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of collective investment schemes. See note 16 for further details.

# BlackRock Managed Volatility Fund III

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Net revenue (dividend) | 3.2569 | 0.1978 |
| Equalisation† | – | 3.0591 |
| **Distribution paid 30.4.2025** | **3.2569** | **3.2569** |
| **Distribution paid 30.4.2024** | **2.7514** | **2.7514** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Net revenue (dividend) | 2.2883 | 0.3808 |
| Equalisation† | – | 1.9075 |
| **Distribution paid 31.10.2024** | **2.2883** | **2.2883** |
| **Distribution paid 31.10.2023** | **1.8237** | **1.8237** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.


NM0625U-4588099-89/226

# BlackRock Managed Volatility Fund III

## Portfolio Statement

at 28 February 2025

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **COLLECTIVE INVESTMENT SCHEMES – 80.30%; 29.2.2024 80.51%** | | | |
| **Equity Funds – 45.03%; 29.2.2024 47.18%** | | | |
| 1,223,852 | iShares Continental European Equity Index Fund UK | 4,181 | 8.97 |
| 81,338 | iShares Japan Equity Index Fund UK | 241 | 0.52 |
| 936,518 | iShares North American Equity Index Fund UK | 6,074 | 13.03 |
| 540,738 | iShares Pacific ex Japan Equity Index Fund UK | 1,416 | 3.04 |
| 3,503,293 | iShares UK Equity Index Fund UK | 9,079 | 19.47 |
| | | **20,991** | **45.03** |
| **Fixed Income Funds – 30.85%; 29.2.2024 29.93%** | | | |
| 4,834,482 | BlackRock Collective Investment Funds - BlackRock Corporate Bond 1-10 Year Fund | 7,510 | 16.11 |
| 6,445,181 | iShares UK Gilts All Stocks Index Fund UK | 6,874 | 14.74 |
| | | **14,384** | **30.85** |
| **Short-term Money Market Funds – 4.42%; 29.2.2024 3.40%** | | | |
| 2,594,792 | BlackRock ICS US Dollar Liquidity Fund - Agency Income Class | **2,060** | **4.42** |

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **DERIVATIVES – 1.00%; 29.2.2024 0.65%** | | | |
| **Forward Currency Contracts – (0.01%); 29.2.2024 (0.13%)** | | | |
| AU$128,462 | Australian Dollar vs UK Sterling | (1) | 0.00 |
| €1,918,352 | Euro vs UK Sterling | (16) | (0.03) |
| ¥71,585,624 | Japanese Yen vs UK Sterling | 2 | 0.00 |
| £131,427 | UK Sterling vs Australian Dollar | 4 | 0.01 |
| £1,012,063 | UK Sterling vs Euro | 10 | 0.01 |
| £190,057 | UK Sterling vs Japanese Yen | – | 0.00 |
| £294,846 | UK Sterling vs US Dollar | – | 0.00 |
| US$450,578 | US Dollar vs UK Sterling | (2) | 0.00 |
| | | **(3)** | **(0.01)** |
| **Futures – 1.01%; 29.2.2024 0.78%** | | | |
| 32 | Euro Stoxx 50 March 2025 | 124 | 0.27 |
| 83 | FTSE 100 Index March 2025 | 443 | 0.95 |
| 1 | KOSPI SPI 200 Index March 2025 | (2) | (0.01) |
| 9 | S&P 500 E-Mini Index March 2025 | (85) | (0.18) |

# BlackRock Managed Volatility Fund III

## Portfolio Statement continued

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| 3 | TOPIX Index March 2025 | (9) | (0.02) |
| | | **471** | **1.01** |
| | **Portfolio of investments** | **37,903** | **81.30** |
| | **CASH EQUIVALENTS** | | |
| | **Short-term Money Market Funds – 15.91%; 29.2.2024 15.75%** | | |
| 7,416,492 | BlackRock ICS Sterling Liquidity Fund - Agency Income Class | **7,416** | **15.91** |
| | Net other assets | 1,303 | 2.79 |
| | **Total net assets** | **46,622** | **100.00** |

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

The counterparties for the forward currency contracts are Barclays Bank Plc, BNP Paribas Arbitrage SNC, Goldman Sachs International, HSBC Bank Plc, J.P. Morgan Securities Plc, Morgan Stanley & Co. International Plc, Société Générale SA, Standard Chartered Bank, State Street Global Advisors Limited, Toronto-Dominion Bank and UBS AG.

All underlying funds are managed by a related party.

# BlackRock Managed Volatility Fund III

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains | 3 | | 3,516 | | 1,520 |
| Revenue | 4 | 1,643 | | 1,602 | |
| Expenses | 5 | (107) | | (113) | |
| Interest payable and similar charges | 6 | (5) | | (8) | |
| Net revenue before taxation | | 1,531 | | 1,481 | |
| Taxation | 7 | (167) | | (156) | |
| Net revenue after taxation | | | 1,364 | | 1,325 |
| Total return before distributions | | | 4,880 | | 2,845 |
| Distributions | 8 | | (1,364) | | (1,325) |
| **Change in net assets attributable to unitholders from investment activities** | | | **3,516** | | **1,520** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 48,265 | | 54,139 |
| Amounts receivable on issue of units | 640 | | 856 | |
| Amounts payable on cancellation of units | (7,080) | | (9,474) | |
| | | (6,440) | | (8,618) |
| Change in net assets attributable to unitholders from investment activities | | 3,516 | | 1,520 |
| Retained distribution on accumulation units | | 1,281 | | 1,224 |
| **Closing net assets attributable to unitholders** | | **46,622** | | **48,265** |

# BlackRock Managed Volatility Fund III

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | 38,018 | 39,238 |
| Current assets | | | |
| – Debtors | 9 | 34 | 35 |
| – Cash and bank balances | 10 | 1,718 | 2,099 |
| – Cash equivalents | 11 | 7,416 | 7,601 |
| **Total assets** | | **47,186** | **48,973** |
| **Liabilities:** | | | |
| Investment liabilities | | (115) | (67) |
| Creditors | | | |
| – Amounts due to futures clearing houses and brokers | | (146) | (364) |
| – Other creditors | 12 | (303) | (277) |
| **Total liabilities** | | **(564)** | **(708)** |
| **Net assets attributable to unitholders** | | **46,622** | **48,265** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025

# Notes to Financial Statements

for the year ended 28 February 2025

## 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

## 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

## 3. Net Capital Gains

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains comprise: | | |
| Gains on non-derivative securities | 2,647 | 1,433 |
| Gains on derivative securities | 908 | 134 |
| Currency losses | (32) | (39) |
| Custodian transaction costs | (7) | (8) |
| **Net capital gains** | **3,516** | **1,520** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £3,523,000 comprise net realised gains of £1,822,000 and net unrealised gains of £1,701,000 (29 February 2024: £1,528,000 comprising net realised gains of £2,705,000 and net unrealised losses of £(1,177,000)). Certain realised gains and losses in the current year were unrealised in the prior year.

## 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Equity distributions on CIS holdings | 695 | 702 |
| Interest distributions on CIS holdings | 509 | 421 |
| Interest from UK bank deposits | 57 | 59 |
| Interest on balances held at futures clearing houses and brokers | 5 | 6 |
| Revenue from short-term money market funds | 377 | 414 |
| **Total revenue** | **1,643** | **1,602** |

# Notes to Financial Statements continued

## 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 96 | 100 |
| | 96 | 100 |
| Other expenses: | | |
| – Audit fee | 8 | 9 |
| – Trustee's fees | 3 | 4 |
| | 11 | 13 |
| **Total expenses** | **107** | **113** |

## 6. Interest Payable and Similar Charges

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interest on bank overdrafts | 5 | 8 |
| **Total interest payable and similar charges** | **5** | **8** |

## 7. Taxation

### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Corporation tax | 167 | 156 |
| **Total tax charge [see note 7(b)]** | **167** | **156** |


NM0625U-4588098-95/226

## Notes to Financial Statements continued

### 7. Taxation continued

**(b) Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 1,531 | 1,481 |
| Corporation tax at 20% (29 February 2024: 20%) | 306 | 296 |
| Effects of: | | |
| Revenue not subject to tax | (139) | (140) |
| **Total tax charge [see note 7(a)]** | **167** | **156** |

### 8. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 551 | 517 |
| Final distribution | 730 | 707 |
| | 1,281 | 1,224 |
| Add: Amounts deducted on cancellation of units | 90 | 109 |
| Less: Amounts received on issue of units | (7) | (8) |
| **Distributions** | **1,364** | **1,325** |

Details of the interim and final distributions per unit are set out in the tables on page 88.

### 9. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued revenue | 34 | 35 |
| **Total debtors** | **34** | **35** |

### 10. Cash and Bank Balances

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Amount held at futures clearing houses and brokers | 239 | 573 |
| Cash and bank balances | 1,479 | 1,526 |
| **Total cash and bank balances** | **1,718** | **2,099** |

# Notes to Financial Statements continued

## 11. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | 7,416 | 7,601 |
| **Total cash equivalents** | **7,416** | **7,601** |

## 12. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | 7 | 32 |
| Accrued Audit fee | 8 | 8 |
| Accrued Trustee's fee | 1 | 4 |
| Amounts payable for cancellation of units | 119 | 76 |
| Corporation tax payable | 167 | 156 |
| Custodian transaction costs | 1 | 1 |
| **Total other creditors** | **303** | **277** |

## 13. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

## 14. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

## 15. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following entities were related parties of the Fund during the year ended 28 February 2025:

Manager/Registrar: BlackRock Fund Managers Limited
Investment Manager: BlackRock Investment Management (UK) Limited

The ultimate holding company of the Manager, Registrar and Investment Manager is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

## Notes to Financial Statements continued

### 15. Related Parties continued

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 and 12. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 12.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025 and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 91% |

## Notes to Financial Statements continued

### 15. Related Parties continued

As at 29 February 2024:

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 100% |

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

### 16. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 684 | – | – | – | – |
| **Total purchases** | **684** | **–** | | **–** | |
| **Total purchases including transaction costs** | **684** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 6,363 | – | – | – | – |
| **Total sales** | **6,363** | **–** | | **–** | |
| **Total sales net of transaction costs** | **6,363** | | | | |
| **Derivative transaction costs** | | **2** | | **–** | |
| **Total transaction costs** | | **2** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | – | – | – | – | – |
| **Total purchases** | **–** | **–** | | **–** | |
| **Total purchases including transaction costs** | **–** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 6,139 | – | – | – | – |
| **Total sales** | **6,139** | **–** | | **–** | |
| **Total sales net of transaction costs** | **6,139** | | | | |
| **Derivative transaction costs** | | **3** | | **–** | |
| **Total transaction costs** | | **3** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.01%** | | **0.00%** | |

The above analysis covers any direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

During the year the Fund utilised FDIs including futures covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.00% (29 February 2024: 0.00%).

### 17. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units |
|---|---|
| Balance at the beginning of the year | 25,677,661 |
| Issued during the year | 329,723 |
| Cancelled during the year | (3,600,457) |
| **Balance at the end of the year** | **22,406,927** |

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

### 18. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# BlackRock Managed Volatility Fund IV

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was authorised by the FCA on 5 February 2015 and was established on 16 September 2015. The Fund's FCA product reference number is 718609.

# BlackRock Managed Volatility Fund IV

## Comparative Table

| | C Accumulation Units | | |
|---|---|---|---|
| | For the year to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 211.8 | 191.7 | 178.0 |
| Return before operating charges | 30.95 | 20.62 | 14.27 |
| Operating charges | (0.66) | (0.57) | (0.53) |
| Return after operating charges | 30.29 | 20.05 | 13.74 |
| Distributions | (7.48) | (3.67) | (1.19) |
| Retained distributions on accumulation units | 7.48 | 3.67 | 1.19 |
| **Closing net asset value per unit** | 242.1 | 211.8 | 191.7 |
| After direct transaction costs of | (0.03) | (0.03) | (0.03) |
| **Performance** | | | |
| Return after charges[1] | 14.30% | 10.46% | 7.72% |
| **Other information** | | | |
| Closing net asset value (£000's) | 144,994 | 153,962 | 165,023 |
| Closing number of units | 59,891,783 | 72,707,780 | 86,064,937 |
| Operating charges[2] | 0.29% | 0.29% | 0.29% |
| Direct transaction costs[3] | 0.01% | 0.02% | 0.02% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 246.8 | 211.9 | 196.9 |
| Lowest bid unit price | 211.3 | 183.8 | 171.1 |

1 The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

2 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).

3 Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of .
See note 16 for further details.


NM0625U-4588099-103/226

# BlackRock Managed Volatility Fund IV

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Net revenue (dividend) | 2.1811 | 0.4944 |
| Equalisation† | – | 1.6867 |
| **Distribution paid 30.4.2025** | **2.1811** | **2.1811** |
| **Distribution paid 30.4.2024** | **1.7755** | **1.7755** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Net revenue (dividend) | 5.2952 | 1.2244 |
| Equalisation† | – | 4.0708 |
| **Distribution paid 31.10.2024** | **5.2952** | **5.2952** |
| **Distribution paid 31.10.2023** | **1.8916** | **1.8916** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# BlackRock Managed Volatility Fund IV

## Portfolio Statement

at 28 February 2025

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **COLLECTIVE INVESTMENT SCHEMES – 76.84%; 29.2.2024 75.53%** | | | |
| **Short-term Money Market Funds – 76.84%; 29.2.2024 75.53%** | | | |
| 298,813 | BlackRock ICS Sterling Government Liquidity Fund | 33,580 | 23.16 |
| 290,791 | BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class | 29,082 | 20.06 |
| 168,813 | BlackRock ICS Sterling Ultra Short Bond Fund | 25,690 | 17.72 |
| 29,044,482 | BlackRock ICS US Dollar Liquidity Fund - Agency Income Class | 23,060 | 15.90 |
| | | **111,412** | **76.84** |

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **DERIVATIVES – 1.26%; 29.2.2024 5.01%** | | | |
| **Forward Currency Contracts – (0.23%); 29.2.2024 (0.31%)** | | | |
| AU$10,349,748 | Australian Dollar vs UK Sterling | (182) | (0.12) |
| €18,028,138 | Euro vs UK Sterling | (133) | (0.08) |
| ¥1,864,278,414 | Japanese Yen vs UK Sterling | 23 | 0.02 |
| £2,603,916 | UK Sterling vs Australian Dollar | 49 | 0.03 |
| £8,577,727 | UK Sterling vs Euro | 75 | 0.05 |
| £5,161,327 | UK Sterling vs Japanese Yen | 21 | 0.02 |
| £33,841,113 | UK Sterling vs US Dollar | (31) | (0.02) |
| US$82,019,831 | US Dollar vs UK Sterling | (164) | (0.13) |
| | | **(342)** | **(0.23)** |
| **Futures – 1.49%; 29.2.2024 5.32%** | | | |
| 384 | Euro Stoxx 50 March 2025 | 1,493 | 1.03 |
| 674 | FTSE 100 Index March 2025 | 3,078 | 2.12 |
| 38 | KOSPI SPI 200 Index March 2025 | (58) | (0.04) |
| 41 | MSCI Emerging Markets Index March 2025 | (32) | (0.02) |
| 229 | S&P 500 E-Mini Index March 2025 | (2,117) | (1.46) |

# BlackRock Managed Volatility Fund IV

## Portfolio Statement continued

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| 62 | TOPIX Index March 2025 | (198) | (0.14) |
| | | **2,166** | **1.49** |
| **Portfolio of investments** | | **113,236** | **78.10** |
| **CASH EQUIVALENTS** | | | |
| **Short-term Money Market Funds – 5.33%; 29.2.2024 9.10%** | | | |
| 7,723,018 | BlackRock ICS Sterling Liquidity Fund - Agency Income Class | **7,723** | **5.33** |
| Net other assets | | 24,035 | 16.57 |
| **Total net assets** | | **144,994** | **100.00** |

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

The counterparties for the forward currency contracts are Australia and New Zealand Banking Group, Citigroup Global Markets Limited, Goldman Sachs International, Morgan Stanley & Co. International Plc, Royal Bank of Scotland Plc, Standard Chartered Bank and State Street Global Advisors Limited.

All underlying funds are managed by a related party.

# BlackRock Managed Volatility Fund IV

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains | 3 | | 14,932 | | 12,135 |
| Revenue | 4 | 6,776 | | 4,141 | |
| Expenses | 5 | (391) | | (406) | |
| Interest payable and similar charges | 6 | (7) | | (104) | |
| Net revenue before taxation | | 6,378 | | 3,631 | |
| Taxation | 7 | (1,276) | | (726) | |
| Net revenue after taxation | | | 5,102 | | 2,905 |
| Total return before distributions | | | 20,034 | | 15,040 |
| Distributions | 8 | | (5,102) | | (2,905) |
| **Change in net assets attributable to unitholders from investment activities** | | | **14,932** | | **12,135** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 153,962 | | 165,023 |
| Amounts receivable on issue of units | 4,718 | | 4,738 | |
| Amounts payable on cancellation of units | (33,397) | | (30,705) | |
| | | (28,679) | | (25,967) |
| Change in net assets attributable to unitholders from investment activities | | 14,932 | | 12,135 |
| Retained distribution on accumulation units | | 4,779 | | 2,771 |
| **Closing net assets attributable to unitholders** | | **144,994** | | **153,962** |

# BlackRock Managed Volatility Fund IV

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | 116,151 | 124,504 |
| Current assets | | | |
| – Debtors | 9 | 268 | 321 |
| – Cash and bank balances | 10 | 26,228 | 24,563 |
| – Cash equivalents | 11 | 7,723 | 14,012 |
| **Total assets** | | **150,370** | **163,400** |
| **Liabilities:** | | | |
| Investment liabilities | | (2,915) | (506) |
| Creditors | | | |
| – Amounts due to futures clearing houses and brokers | | (1,543) | (7,933) |
| – Other creditors | 12 | (918) | (999) |
| **Total liabilities** | | **(5,376)** | **(9,438)** |
| **Net assets attributable to unitholders** | | **144,994** | **153,962** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025


NM0625U-4588098-108/226

# Notes to Financial Statements

for the year ended 28 February 2025

## 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

## 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

## 3. Net Capital Gains

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains comprise: | | |
| Gains on non-derivative securities | 686 | 3,028 |
| Gains on derivative securities | 14,610 | 9,921 |
| Currency losses | (355) | (806) |
| Custodian transaction costs | (9) | (8) |
| **Net capital gains** | **14,932** | **12,135** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £14,941,000 comprise net realised gains of £20,515,000 and net unrealised losses of £(5,574,000) (29 February 2024: £12,143,000 comprising net realised gains of £7,346,000 and net unrealised gains of £4,797,000). Certain realised gains and losses in the current year were unrealised in the prior year.

## 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interest from UK bank deposits | 384 | 899 |
| Interest on balances held at futures clearing houses and brokers | 379 | 174 |
| Revenue from short-term money market funds | 6,013 | 3,068 |
| **Total revenue** | **6,776** | **4,141** |

## Notes to Financial Statements continued

### 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 374 | 386 |
| | 374 | 386 |
| Other expenses: | | |
| – Audit fee | 8 | 9 |
| – Legal and other professional fees | 1 | 1 |
| – Trustee's fees | 8 | 10 |
| | 17 | 20 |
| **Total expenses** | **391** | **406** |

### 6. Interest Payable and Similar Charges

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interest on bank overdrafts | 7 | 104 |
| **Total interest payable and similar charges** | **7** | **104** |

### 7. Taxation

#### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Corporation tax | 1,276 | 726 |
| **Total tax charge [see note 7(b)]** | **1,276** | **726** |

## Notes to Financial Statements continued

### 7. Taxation continued

**(b) Factors affecting the tax charge**

The tax assessed for the year is equal to the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 6,378 | 3,631 |
| Corporation tax at 20% (29 February 2024: 20%) | 1,276 | 726 |
| Effects of: | | |
| **Total tax charge [see note 7(a)]** | **1,276** | **726** |

### 8. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 3,473 | 1,480 |
| Final distribution | 1,306 | 1,291 |
| | 4,779 | 2,771 |
| Add: Amounts deducted on cancellation of units | 365 | 154 |
| Less: Amounts received on issue of units | (42) | (20) |
| **Distributions** | **5,102** | **2,905** |

Details of the interim and final distributions per unit are set out in the tables on page 103.

### 9. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued revenue | 219 | 268 |
| Amounts receivable for issue of units | 49 | 53 |
| **Total debtors** | **268** | **321** |

### 10. Cash and Bank Balances

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Amount held at futures clearing houses and brokers | 7,733 | 7,796 |
| Cash and bank balances | 18,495 | 16,767 |
| **Total cash and bank balances** | **26,228** | **24,563** |

## Notes to Financial Statements continued

### 11. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | 7,723 | 14,012 |
| **Total cash equivalents** | **7,723** | **14,012** |

### 12. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | 28 | 125 |
| Accrued Audit fee | 8 | 8 |
| Accrued Trustee's fee | 3 | 11 |
| Amounts payable for cancellation of units | 342 | 128 |
| Corporation tax payable | 535 | 726 |
| Custodian transaction costs | 2 | 1 |
| **Total other creditors** | **918** | **999** |

### 13. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

### 14. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

### 15. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following entities were related parties of the Fund during the year ended 28 February 2025:

Manager/Registrar: BlackRock Fund Managers Limited
Investment Manager: BlackRock Investment Management (UK) Limited

The ultimate holding company of the Manager, Registrar and Investment Manager is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

## Notes to Financial Statements continued

### 15. Related Parties continued

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 and 12. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 12.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025 and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 93% |

## Notes to Financial Statements continued

### 15. Related Parties continued

As at 29 February 2024:

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 100% |

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

### 16. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | – | – | – | – | – |
| **Total purchases** | **–** | **–** | | **–** | |
| **Total purchases including transaction costs** | **–** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | – | – | – | – | – |
| **Total sales** | **–** | **–** | | **–** | |
| **Total sales net of transaction costs** | **–** | | | | |
| **Derivative transaction costs** | | **22** | | **–** | |
| **Total transaction costs** | | **22** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.01%** | | **0.00%** | |

# Notes to Financial Statements continued

## 16. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| **Purchases (excluding derivatives)** | **Transaction Value £000's** | **Commissions £000's** | **%** | **Taxes £000's** | **%** |
| Collective investment schemes | – | – | – | – | – |
| **Total purchases** | **–** | **–** | | **–** | |
| **Total purchases including transaction costs** | **–** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| **Sales (excluding derivatives)** | **Transaction Value £000's** | **Commissions £000's** | **%** | **Taxes £000's** | **%** |
| Collective investment schemes | – | – | – | – | – |
| **Total sales** | **–** | **–** | | **–** | |
| **Total sales net of transaction costs** | **–** | | | | |
| **Derivative transaction costs** | | **26** | | **–** | |
| **Total transaction costs** | | **26** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.02%** | | **0.00%** | |

The above analysis covers direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

During the year the Fund utilised FDIs including futures covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above.

Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instruments, Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.


NM0625U-4588099-115/226

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.00% (29 February 2024: 0.00%).

### 17. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units |
|---|---|
| Balance at the beginning of the year | 72,707,780 |
| Issued during the year | 1,997,557 |
| Cancelled during the year | (14,813,554) |
| **Balance at the end of the year** | **59,891,783** |

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

### 18. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# BlackRock UK Managed Volatility Fund I

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was established on 14 October 2013 and was authorised by the FCA on 27 September 2013. The Fund's FCA product reference number is 637735.

# BlackRock UK Managed Volatility Fund I

## Comparative Table

| | C Accumulation Units | | |
|---|---|---|---|
| | For the year to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 120.1 | 119.8 | 126.6 |
| Return before operating charges | 9.45 | 0.52 | (6.56) |
| Operating charges | (0.28) | (0.26) | (0.27) |
| Return after operating charges | 9.17 | 0.26 | (6.83) |
| Distributions | (4.66) | (3.36) | (2.08) |
| Retained distributions on accumulation units | 4.66 | 3.36 | 2.08 |
| **Closing net asset value per unit** | 129.3 | 120.1 | 119.8 |
| After direct transaction costs of | (0.01) | (0.01) | (0.01) |
| **Performance** | | | |
| Return after charges[1] | 7.64% | 0.22% | (5.39)% |
| **Other information** | | | |
| Closing net asset value (£000's) | 29,282 | 36,556 | 43,099 |
| Closing number of units | 22,652,790 | 30,447,287 | 35,983,828 |
| Operating charges[2] | 0.22% | 0.22% | 0.22% |
| Direct transaction costs[3] | 0.00% | 0.01% | 0.01% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 138.3 | 130.4 | 137.5 |
| Lowest bid unit price | 120.4 | 112.6 | 114.0 |

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

[2] 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).

[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of collective investment schemes. See note 16 for further details.

# BlackRock UK Managed Volatility Fund I

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Gross revenue | 2.3526 | 0.4627 |
| Equalisation† | – | 1.8899 |
| **Distribution paid 30.4.2025** | **2.3526** | **2.3526** |
| **Distribution paid 30.4.2024** | **2.1315** | **2.1315** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Gross revenue | 2.3030 | 0.4509 |
| Equalisation† | – | 1.8521 |
| **Distribution paid 31.10.2024** | **2.3030** | **2.3030** |
| **Distribution paid 31.10.2023** | **1.2320** | **1.2320** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# BlackRock UK Managed Volatility Fund I

## Portfolio Statement

at 28 February 2025

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **COLLECTIVE INVESTMENT SCHEMES – 92.13%; 29.2.2024 86.26%** | | | |
| **Equity Funds – 32.84%; 29.2.2024 31.47%** | | | |
| 3,830,176 | iShares 100 UK Equity Index Fund UK | **9,616** | **32.84** |
| **Exchange Traded Funds – 6.90%; 29.2.2024 3.02%** | | | |
| 11,781 | iShares Core FTSE 100 UCITS ETF GBP Acc | **2,019** | **6.90** |
| **Fixed Income Funds – 45.88%; 29.2.2024 41.87%** | | | |
| 439,208 | iShares Core UK Gilts UCITS ETF[Ø] | 4,400 | 15.03 |
| 8,471,226 | iShares UK Gilts All Stocks Index Fund UK | 9,034 | 30.85 |
| | | **13,434** | **45.88** |
| **Short-term Money Market Funds – 6.51%; 29.2.2024 9.90%** | | | |
| 12,532 | BlackRock ICS Sterling Ultra Short Bond Fund | **1,907** | **6.51** |
| **DERIVATIVES – 0.02%; 29.2.2024 0.32%** | | | |
| **Futures – 0.02%; 29.2.2024 0.32%** | | | |
| 2 | FTSE 100 Index March 2025 | 10 | 0.03 |
| (19) | Long Gilt June 2025 | (4) | (0.01) |
| | | **6** | **0.02** |
| **Portfolio of investments** | | **26,982** | **92.15** |
| **CASH EQUIVALENTS** | | | |
| **Short-term Money Market Funds – 6.98%; 29.2.2024 11.95%** | | | |
| 2,044,867 | BlackRock ICS Sterling Liquidity Fund - Agency Income Class | **2,045** | **6.98** |
| Net other assets | | 255 | 0.87 |
| **Total net assets** | | **29,282** | **100.00** |

Unless otherwise stated, all securities are either listed on a recognised exchange, traded on an eligible securities market or are permitted collective investment schemes.
All underlying funds are managed by a related party.
[Ø] All or a portion of this investment represents a security on loan, see note 2(b)(v) for further details.

# BlackRock UK Managed Volatility Fund I

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains/(losses) | 3 | | 1,214 | | (1,158) |
| Revenue | 4 | 1,357 | | 1,224 | |
| Expenses | 5 | (69) | | (82) | |
| Interest payable and similar charges | 6 | (2) | | (2) | |
| Net revenue before taxation | | 1,286 | | 1,140 | |
| Taxation | 7 | – | | – | |
| Net revenue after taxation | | | 1,286 | | 1,140 |
| Total return before distributions | | | 2,500 | | (18) |
| Distributions | 8 | | (1,286) | | (1,140) |
| **Change in net assets attributable to unitholders from investment activities** | | | **1,214** | | **(1,158)** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 36,556 | | 43,099 |
| Amounts receivable on issue of units | 61 | | 119 | |
| Amounts payable on cancellation of units | (9,687) | | (6,567) | |
| | | (9,626) | | (6,448) |
| Change in net assets attributable to unitholders from investment activities | | 1,214 | | (1,158) |
| Retained distribution on accumulation units | | 1,138 | | 1,063 |
| **Closing net assets attributable to unitholders** | | **29,282** | | **36,556** |


NM0625U-4588099-121/226

# BlackRock UK Managed Volatility Fund I

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | 26,986 | 31,652 |
| Current assets | | | |
| – Debtors | 9 | 20 | 43 |
| – Cash and bank balances | 10 | 255 | 534 |
| – Cash equivalents | 11 | 2,045 | 4,370 |
| **Total assets** | | **29,306** | **36,599** |
| **Liabilities:** | | | |
| Investment liabilities | | (4) | – |
| Creditors | | | |
| – Other creditors | 12 | (20) | (43) |
| **Total liabilities** | | **(24)** | **(43)** |
| **Net assets attributable to unitholders** | | **29,282** | **36,556** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025

# Notes to Financial Statements

for the year ended 28 February 2025

## 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

## 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

## 3. Net Capital Gains/(Losses)

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains/(losses) comprise: | | |
| Gains/(losses) on non-derivative securities | 1,575 | (495) |
| Losses on derivative securities | (359) | (661) |
| Custodian transaction costs | (2) | (3) |
| Custodian transaction costs rebate | – | 1 |
| **Net capital gains/(losses)** | **1,214** | **(1,158)** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £1,216,000 comprise net realised losses of £(331,000) and net unrealised gains of £1,547,000 (29 February 2024: £(1,156,000) comprising net realised losses of £(431,000) and net unrealised losses of £(725,000)). Certain realised gains and losses in the current year were unrealised in the prior year.

## 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Equity distributions on CIS holdings | 381 | 456 |
| Interest distributions on CIS holdings | 320 | 219 |
| Interest from UK bank deposits | 9 | 11 |
| Interest on balances held at futures clearing houses and brokers | 7 | 4 |
| Manager's charge rebates | 4 | 4 |
| Overseas dividends | 235 | 186 |
| Returns from bond futures | 21 | 16 |
| Revenue from short-term money market funds | 377 | 320 |
| Securities lending revenue | 3 | 8 |
| **Total revenue** | **1,357** | **1,224** |


NM0625U-4568099-123/226

## Notes to Financial Statements continued

### 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 66 | 79 |
| – Expense rebate due from the Manager[1] | (11) | (10) |
| | 55 | 69 |
| Other expenses: | | |
| – Audit fee | 9 | 10 |
| – Safe custody fees | 3 | 1 |
| – Trustee's fees | 2 | 2 |
| | 14 | 13 |
| **Total expenses** | **69** | **82** |

[1] The Fund receives rebates from the Manager to ensure that the Operating Charge does not exceed 0.22%.

### 6. Interest Payable and Similar Charges

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interest on bank overdrafts | – | 1 |
| Returns from short position bond futures | 2 | 1 |
| **Total interest payable and similar charges** | **2** | **2** |

### 7. Taxation

#### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Corporation tax | – | – |
| **Total tax charge [see note 7(b)]** | **–** | **–** |

# Notes to Financial Statements continued

## 7. Taxation continued

### (b) Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 1,286 | 1,140 |
| Corporation tax at 20% (29 February 2024: 20%) | 257 | 228 |
| Effects of: | | |
| Revenue not subject to tax | (91) | (110) |
| Tax deductible interest distributions | (166) | (118) |
| **Total tax charge [see note 7(a)]** | **–** | **–** |

## 8. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 605 | 414 |
| Final distribution | 533 | 649 |
| | 1,138 | 1,063 |
| Add: Amounts deducted on cancellation of units | 149 | 78 |
| Less: Amounts received on issue of units | (1) | (1) |
| **Distributions** | **1,286** | **1,140** |

Details of the interim and final distributions per unit are set out in the tables on page 118.

## 9. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Manager's charge rebates | – | 1 |
| Accrued revenue | 9 | 23 |
| Expense rebate due from the Manager | 11 | 19 |
| **Total debtors** | **20** | **43** |


NM0625U-4568099-125/226

## Notes to Financial Statements continued

### 10. Cash and Bank Balances

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Amount held at futures clearing houses and brokers | 49 | 370 |
| Cash and bank balances | 206 | 164 |
| **Total cash and bank balances** | **255** | **534** |

### 11. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | 2,045 | 4,370 |
| **Total cash equivalents** | **2,045** | **4,370** |

### 12. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | 4 | 25 |
| Accrued Audit fee | 9 | 9 |
| Accrued Trustee's fee | 1 | 3 |
| Amounts payable for cancellation of units | 6 | 6 |
| **Total other creditors** | **20** | **43** |

### 13. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

### 14. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

### 15. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

# Notes to Financial Statements continued

## 15. Related Parties continued

The following entities were related parties of the Fund during the year ended 28 February 2025:

| | |
|---|---|
| Manager/Registrar: | BlackRock Fund Managers Limited |
| Investment Manager: | BlackRock Investment Management (UK) Limited |
| Stock Lending Agent: | BlackRock Advisors (UK) Limited |

The ultimate holding company of the Manager, Registrar and Investment Manager is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 and 12. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 12. Securities lending revenue earned by the Fund is disclosed in note 4.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not

## Notes to Financial Statements continued

### 15. Related Parties continued

be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025 and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 64% |

As at 29 February 2024:

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 61% |

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 962 | – | – | – | – |
| **Total purchases** | **962** | **–** | | **–** | |
| **Total purchases including transaction costs** | **962** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 6,243 | – | – | – | – |
| **Total sales** | **6,243** | **–** | | **–** | |
| **Total sales net of transaction costs** | **6,243** | | | | |
| **Derivative transaction costs** | | **1** | | **–** | |
| **Total transaction costs** | | **1** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 2,111 | – | – | – | – |
| **Total purchases** | **2,111** | **–** | | **–** | |
| **Total purchases including transaction costs** | **2,111** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 4,808 | – | – | – | – |
| **Total sales** | **4,808** | **–** | | **–** | |
| **Total sales net of transaction costs** | **4,808** | | | | |
| **Derivative transaction costs** | | **2** | | **–** | |
| **Total transaction costs** | | **2** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.01%** | | **0.00%** | |

The above analysis covers any direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

During the year the Fund utilised FDIs including futures covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.03% (29 February 2024: 0.00%).

### 17. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units |
|---|---|
| Balance at the beginning of the year | 30,447,287 |
| Issued during the year | 49,188 |
| Cancelled during the year | (7,843,685) |
| **Balance at the end of the year** | **22,652,790** |

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

### 18. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# BlackRock UK Managed Volatility Fund II

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was established on 14 October 2013 and was authorised by the FCA on 27 September 2013. The Fund's FCA product reference number is 637736.

# BlackRock UK Managed Volatility Fund II

## Comparative Table

| | C Accumulation Units | | |
|---|---|---|---|
| | For the year to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 109.6 | 111.9 | 121.1 |
| Return before operating charges | 12.01 | (2.10) | (9.00) |
| Operating charges | (0.26) | (0.24) | (0.25) |
| Return after operating charges | 11.75 | (2.34) | (9.25) |
| Distributions | (3.57) | (2.98) | (2.05) |
| Retained distributions on accumulation units | 3.57 | 2.98 | 2.05 |
| **Closing net asset value per unit** | 121.4 | 109.6 | 111.9 |
| After direct transaction costs of | (0.01) | (0.01) | (0.01) |
| **Performance** | | | |
| Return after charges[1] | 10.72% | (2.09)% | (7.64)% |
| **Other information** | | | |
| Closing net asset value (£000's) | 61,032 | 66,527 | 81,693 |
| Closing number of units | 50,293,853 | 60,723,051 | 73,038,369 |
| Operating charges[2] | 0.22% | 0.22% | 0.22% |
| Direct transaction costs[3] | 0.01% | 0.01% | 0.01% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 129.9 | 120.7 | 131.7 |
| Lowest bid unit price | 110.0 | 102.5 | 105.3 |

1 The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

2 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).

3 Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of collective investment schemes. See note 16 for further details.


NM0625U-4588099-13/226

# BlackRock UK Managed Volatility Fund II

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Net revenue (dividend) | 2.2740 | 0.9275 |
| Equalisation† | – | 1.3465 |
| **Distribution paid 30.4.2025** | **2.2740** | **2.2740** |
| **Distribution paid 30.4.2024** | **1.9602** | **1.9602** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Net revenue (dividend) | 1.2987 | 0.2060 |
| Equalisation† | – | 1.0927 |
| **Distribution paid 31.10.2024** | **1.2987** | **1.2987** |
| **Distribution paid 31.10.2023** | **1.0238** | **1.0238** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# BlackRock UK Managed Volatility Fund II

## Portfolio Statement

at 28 February 2025

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **COLLECTIVE INVESTMENT SCHEMES − 90.28%; 29.2.2024 81.32%** | | | |
| **Equity Funds − 31.63%; 29.2.2024 30.87%** | | | |
| 7,690,411 | iShares 100 UK Equity Index Fund UK | **19,308** | **31.63** |
| **Exchange Traded Funds − 21.11%; 29.2.2024 14.15%** | | | |
| 75,207 | iShares Core FTSE 100 UCITS ETF GBP Acc | **12,886** | **21.11** |
| **Fixed Income Funds − 30.36%; 29.2.2024 30.05%** | | | |
| 17,371,588 | iShares UK Gilts All Stocks Index Fund UK | **18,527** | **30.36** |
| **Short-term Money Market Funds − 7.18%; 29.2.2024 6.25%** | | | |
| 28,800 | BlackRock ICS Sterling Ultra Short Bond Fund | **4,382** | **7.18** |

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **DERIVATIVES − 0.11%; 29.2.2024 0.04%** | | | |
| **Futures − 0.11%; 29.2.2024 0.04%** | | | |
| 58 | FTSE 100 Index March 2025 | 53 | 0.09 |
| 53 | Long Gilt June 2025 | 12 | 0.02 |
| | | **65** | **0.11** |
| **Portfolio of investments** | | **55,168** | **90.39** |
| **CASH EQUIVALENTS** | | | |
| **Short-term Money Market Funds − 9.14%; 29.2.2024 17.88%** | | | |
| 5,576,467 | BlackRock ICS Sterling Liquidity Fund - Agency Income Class | **5,576** | **9.14** |
| Net other assets | | 288 | 0.47 |
| **Total net assets** | | **61,032** | **100.00** |

Unless otherwise stated, all securities are either listed on a recognised exchange, traded on an eligible securities market or are permitted collective investment schemes.
All underlying funds are managed by a related party.


NM0625U-4588099-135/226

# BlackRock UK Managed Volatility Fund II

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains/(losses) | 3 | | 4,546 | | (3,954) |
| Revenue | 4 | 2,342 | | 2,416 | |
| Expenses | 5 | (133) | | (151) | |
| Interest payable and similar charges | 6 | (14) | | (41) | |
| Net revenue before taxation | | 2,195 | | 2,224 | |
| Taxation | 7 | (210) | | (205) | |
| Net revenue after taxation | | | 1,985 | | 2,019 |
| Total return before distributions | | | 6,531 | | (1,935) |
| Distributions | 8 | | (1,985) | | (2,019) |
| **Change in net assets attributable to unitholders from investment activities** | | | **4,546** | | **(3,954)** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 66,527 | | 81,693 |
| Amounts receivable on issue of units | 196 | | 262 | |
| Amounts payable on cancellation of units | (12,091) | | (13,357) | |
| | | (11,895) | | (13,095) |
| Change in net assets attributable to unitholders from investment activities | | 4,546 | | (3,954) |
| Retained distribution on accumulation units | | 1,854 | | 1,883 |
| **Closing net assets attributable to unitholders** | | **61,032** | | **66,527** |


NM0625U-4588098-136/226

# BlackRock UK Managed Volatility Fund II

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | 55,168 | 54,187 |
| Current assets | | | |
| – Debtors | 9 | 34 | 72 |
| – Cash and bank balances | 10 | 545 | 596 |
| – Cash equivalents | 11 | 5,576 | 11,898 |
| **Total assets** | | **61,323** | **66,753** |
| **Liabilities:** | | | |
| Investment liabilities | | – | (60) |
| Creditors | | | |
| – Other creditors | 12 | (291) | (166) |
| **Total liabilities** | | **(291)** | **(226)** |
| **Net assets attributable to unitholders** | | **61,032** | **66,527** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025

# Notes to Financial Statements

for the year ended 28 February 2025

## 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

## 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

## 3. Net Capital Gains/(Losses)

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains/(losses) comprise: | | |
| Gains/(losses) on non-derivative securities | 4,327 | (1,143) |
| Gains/(losses) on derivative securities | 222 | (2,808) |
| Custodian transaction costs | (3) | (4) |
| Custodian transaction costs rebate | – | 1 |
| **Net capital gains/(losses)** | **4,546** | **(3,954)** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £4,549,000 comprise net realised gains of £224,000 and net unrealised gains of £4,325,000 (29 February 2024: £(3,951,000) comprising net realised losses of £(5,277,000) and net unrealised gains of £1,326,000). Certain realised gains and losses in the current year were unrealised in the prior year.

## 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Equity distributions on CIS holdings | 727 | 868 |
| Interest distributions on CIS holdings | 590 | 477 |
| Interest from UK bank deposits | 11 | 27 |
| Interest on balances held at futures clearing houses and brokers | 18 | 14 |
| Manager's charge rebates | 8 | 7 |
| Overseas dividends | 417 | 330 |
| Returns from bond futures | 4 | 6 |
| Revenue from short-term money market funds | 566 | 686 |
| Securities lending revenue | 1 | 1 |
| **Total revenue** | **2,342** | **2,416** |

# Notes to Financial Statements continued

## 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 127 | 144 |
| – Expense rebate due from the Manager[1] | (11) | (11) |
| | 116 | 133 |
| Other expenses: | | |
| – Audit fee | 10 | 10 |
| – Safe custody fees | 4 | 3 |
| – Trustee's fees | 3 | 5 |
| | 17 | 18 |
| **Total expenses** | **133** | **151** |

[1] The Fund receives rebates from the Manager to ensure that the Operating Charge does not exceed 0.22%.

## 6. Interest Payable and Similar Charges

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interest on bank overdrafts | 1 | 3 |
| Returns from short position bond futures | 13 | 38 |
| **Total interest payable and similar charges** | **14** | **41** |

## 7. Taxation

### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Corporation tax | 210 | 205 |
| **Total tax charge [see note 7(b)]** | **210** | **205** |

## Notes to Financial Statements continued

### 7. Taxation continued

**(b) Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 2,195 | 2,224 |
| Corporation tax at 20% (29 February 2024: 20%) | 439 | 445 |
| Effects of: | | |
| Revenue not subject to tax | (229) | (240) |
| **Total tax charge [see note 7(a)]** | **210** | **205** |

### 8. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 710 | 693 |
| Final distribution | 1,144 | 1,190 |
| | 1,854 | 1,883 |
| Add: Amounts deducted on cancellation of units | 133 | 138 |
| Less: Amounts received on issue of units | (2) | (2) |
| **Distributions** | **1,985** | **2,019** |

Details of the interim and final distributions per unit are set out in the tables on page 133.

### 9. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Manager's charge rebates | 1 | 2 |
| Accrued revenue | 22 | 52 |
| Expense rebate due from the Manager | 11 | 18 |
| **Total debtors** | **34** | **72** |

## Notes to Financial Statements continued

### 10. Cash and Bank Balances

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Amount held at futures clearing houses and brokers | 343 | 553 |
| Cash and bank balances | 202 | 43 |
| **Total cash and bank balances** | **545** | **596** |

### 11. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | 5,576 | 11,898 |
| **Total cash equivalents** | **5,576** | **11,898** |

### 12. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | 9 | 45 |
| Accrued Audit fee | 9 | 9 |
| Accrued Trustee's fee | 1 | 6 |
| Amounts payable for cancellation of units | 194 | 25 |
| Corporation tax payable | 77 | 80 |
| Custodian transaction costs | 1 | 1 |
| **Total other creditors** | **291** | **166** |

### 13. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

### 14. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

### 15. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

## Notes to Financial Statements continued

### 15. Related Parties continued

The following entities were related parties of the Fund during the year ended 28 February 2025:

| | |
|---|---|
| Manager/Registrar: | BlackRock Fund Managers Limited |
| Investment Manager: | BlackRock Investment Management (UK) Limited |
| Stock Lending Agent: | BlackRock Advisors (UK) Limited |

The ultimate holding company of the Manager, Registrar, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 and 12. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 12. Securities lending revenue earned by the Fund is disclosed in note 4.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not

# Notes to Financial Statements continued

## 15. Related Parties continued

be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025 and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 63% |

As at 29 February 2024:

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 62% |

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.


NM0625U-4588099-143/226

# Notes to Financial Statements continued

## 16. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 1,526 | – | – | – | – |
| **Total purchases** | **1,526** | **–** | | **–** | |
| **Total purchases including transaction costs** | **1,526** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 6,738 | – | – | – | – |
| **Total sales** | **6,738** | **–** | | **–** | |
| **Total sales net of transaction costs** | **6,738** | | | | |
| **Derivative transaction costs** | | **4** | | **–** | |
| **Total transaction costs** | | **4** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.01%** | | **0.00%** | |

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 4,111 | – | – | – | – |
| **Total purchases** | **4,111** | **–** | | **–** | |
| **Total purchases including transaction costs** | **4,111** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 16,370 | – | – | – | – |
| **Total sales** | **16,370** | **–** | | **–** | |
| **Total sales net of transaction costs** | **16,370** | | | | |
| **Derivative transaction costs** | | **5** | | **–** | |
| **Total transaction costs** | | **5** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.01%** | | **0.00%** | |

The above analysis covers any direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

During the year the Fund utilised FDIs including futures covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above.

Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.02% (29 February 2024: 0.00%).

### 17. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units |
|---|---|
| Balance at the beginning of the year | 60,723,051 |
| Issued during the year | 170,088 |
| Cancelled during the year | (10,599,286) |
| **Balance at the end of the year** | **50,293,853** |

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

### 18. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# BlackRock UK Managed Volatility Fund III

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was established on 14 October 2013 and was authorised by the FCA on 27 September 2013. The Fund's FCA product reference number is 637737.

# BlackRock UK Managed Volatility Fund III

## Comparative Table

| | C Accumulation Units | | |
|---|---|---|---|
| | For the year to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 111.1 | 112.9 | 116.7 |
| Return before operating charges | 16.99 | (1.59) | (3.54) |
| Operating charges | (0.26) | (0.24) | (0.24) |
| Return after operating charges | 16.73 | (1.83) | (3.78) |
| Distributions | (4.09) | (3.56) | (2.64) |
| Retained distributions on accumulation units | 4.09 | 3.56 | 2.64 |
| **Closing net asset value per unit** | 127.8 | 111.1 | 112.9 |
| After direct transaction costs of | (0.01) | (0.01) | (0.01) |
| **Performance** | | | |
| Return after charges[1] | 15.06% | (1.62)% | (3.24)% |
| **Other information** | | | |
| Closing net asset value (£000's) | 23,474 | 23,389 | 28,382 |
| Closing number of units | 18,364,016 | 21,057,772 | 25,133,979 |
| Operating charges[2] | 0.22% | 0.22% | 0.22% |
| Direct transaction costs[3] | 0.01% | 0.01% | 0.01% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 136.8 | 122.2 | 126.5 |
| Lowest bid unit price | 111.0 | 102.8 | 102.2 |

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

[2] 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).

[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of collective investment schemes. See note 16 for further details.

# BlackRock UK Managed Volatility Fund III

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Net revenue (dividend) | 2.9847 | 1.7316 |
| Equalisation† | – | 1.2531 |
| **Distribution paid 30.4.2025** | **2.9847** | **2.9847** |
| **Distribution paid 30.4.2024** | **2.6586** | **2.6586** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation Units | |
|---|---|---|
| | Group 1 | Group 2 |
| Net revenue (dividend) | 1.1092 | 1.1092 |
| Equalisation† | – | 0.0000 |
| **Distribution paid 31.10.2024** | **1.1092** | **1.1092** |
| **Distribution paid 31.10.2023** | **0.9018** | **0.9018** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# BlackRock UK Managed Volatility Fund III

## Portfolio Statement

at 28 February 2025

| Holding or Nominal Value | Investment | Market Value £000's | % of Total Net Assets |
|---|---|---|---|
| **COLLECTIVE INVESTMENT SCHEMES – 80.50%; 29.2.2024 81.36%** | | | |
| **Equity Funds – 33.20%; 29.2.2024 32.74%** | | | |
| 3,104,619 | iShares 100 UK Equity Index Fund UK | **7,794** | **33.20** |
| **Exchange Traded Funds – 30.48%; 29.2.2024 32.68%** | | | |
| 41,763 | iShares Core FTSE 100 UCITS ETF GBP Acc | **7,156** | **30.48** |
| **Fixed Income Funds – 15.98%; 29.2.2024 15.14%** | | | |
| 3,516,786 | iShares UK Gilts All Stocks Index Fund UK | **3,751** | **15.98** |
| **Short-term Money Market Funds – 0.84%; 29.2.2024 0.80%** | | | |
| 1,286 | BlackRock ICS Sterling Ultra Short Bond Fund | **196** | **0.84** |
| **DERIVATIVES – 0.93%; 29.2.2024 0.09%** | | | |
| **Futures – 0.93%; 29.2.2024 0.09%** | | | |
| 75 | FTSE 100 Index March 2025 | 223 | 0.95 |
| (18) | Long Gilt June 2025 | (4) | (0.02) |
| | | **219** | **0.93** |
| **Portfolio of investments** | | **19,116** | **81.43** |
| **CASH EQUIVALENTS** | | | |
| **Short-term Money Market Funds – 18.71%; 29.2.2024 16.55%** | | | |
| 4,392,171 | BlackRock ICS Sterling Liquidity Fund - Agency Income Class | **4,392** | **18.71** |
| | Net other liabilities | (34) | (0.14) |
| **Total net assets** | | **23,474** | **100.00** |

Unless otherwise stated, all securities are either listed on a recognised exchange, traded on an eligible securities market or are permitted collective investment schemes.
All underlying funds are managed by a related party.

# BlackRock UK Managed Volatility Fund III

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains/(losses) | 3 | | 2,512 | | (1,409) |
| Revenue | 4 | 912 | | 907 | |
| Expenses | 5 | (49) | | (50) | |
| Interest payable and similar charges | 6 | (1) | | (2) | |
| Net revenue before taxation | | 862 | | 855 | |
| Taxation | 7 | (63) | | (56) | |
| Net revenue after taxation | | | 799 | | 799 |
| Total return before distributions | | | 3,311 | | (610) |
| Distributions | 8 | | (799) | | (799) |
| **Change in net assets attributable to unitholders from investment activities** | | | **2,512** | | **(1,409)** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 23,389 | | 28,382 |
| Amounts receivable on issue of units | 111 | | 73 | |
| Amounts payable on cancellation of units | (3,303) | | (4,416) | |
| | | (3,192) | | (4,343) |
| Change in net assets attributable to unitholders from investment activities | | 2,512 | | (1,409) |
| Retained distribution on accumulation units | | 765 | | 759 |
| **Closing net assets attributable to unitholders** | | **23,474** | | **23,389** |

# BlackRock UK Managed Volatility Fund III

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | 19,120 | 19,051 |
| Current assets | | | |
| – Debtors | 9 | 28 | 46 |
| – Cash and bank balances | 10 | 253 | 520 |
| – Cash equivalents | 11 | 4,392 | 3,872 |
| **Total assets** | | **23,793** | **23,489** |
| **Liabilities:** | | | |
| Investment liabilities | | (4) | – |
| Creditors | | | |
| – Other creditors | 12 | (315) | (100) |
| **Total liabilities** | | **(319)** | **(100)** |
| **Net assets attributable to unitholders** | | **23,474** | **23,389** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025


NM0625U-4588098-152/226

# BlackRock UK Managed Volatility Fund III

## Notes to Financial Statements

for the year ended 28 February 2025

### 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

### 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

### 3. Net Capital Gains/(Losses)

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains/(losses) comprise: | | |
| Gains/(losses) on non-derivative securities | 2,103 | (664) |
| Gains/(losses) on derivative securities | 410 | (743) |
| Custodian transaction costs | (2) | (3) |
| Custodian transaction costs rebate | 1 | 1 |
| **Net capital gains/(losses)** | **2,512** | **(1,409)** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £2,513,000 comprise net realised gains of £678,000 and net unrealised gains of £1,835,000 (29 February 2024: £(1,407,000) comprising net realised losses of £(715,000) and net unrealised losses of £(692,000)). Certain realised gains and losses in the current year were unrealised in the prior year.

### 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Equity distributions on CIS holdings | 269 | 274 |
| Interest distributions on CIS holdings | 112 | 81 |
| Interest from UK bank deposits | 9 | 12 |
| Interest on balances held at futures clearing houses and brokers | 14 | 7 |
| Manager's charge rebates | 5 | 6 |
| Overseas dividends | 279 | 321 |
| Returns from bond futures | 9 | 10 |
| Revenue from short-term money market funds | 214 | 194 |
| Securities lending revenue | 1 | 2 |
| **Total revenue** | **912** | **907** |


NM9625U-4568099-153/226

## Notes to Financial Statements continued

### 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 47 | 49 |
| – Expense rebate due from the Manager[1] | (12) | (14) |
| | 35 | 35 |
| Other expenses: | | |
| – Audit fee | 10 | 10 |
| – Safe custody fees | 3 | 3 |
| – Trustee's fees | 1 | 2 |
| | 14 | 15 |
| **Total expenses** | **49** | **50** |

[1] The Fund receives rebates from the Manager to ensure that the Operating Charge does not exceed 0.22%.

### 6. Interest Payable and Similar Charges

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interest on bank overdrafts | – | 1 |
| Returns from short position bond futures | 1 | 1 |
| **Total interest payable and similar charges** | **1** | **2** |

### 7. Taxation

#### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Corporation tax | 63 | 56 |
| **Total tax charge [see note 7(b)]** | **63** | **56** |

# Notes to Financial Statements continued

## 7. Taxation continued

### (b) Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 862 | 855 |
| Corporation tax at 20% (29 February 2024: 20%) | 172 | 171 |
| Effects of: | | |
| Revenue not subject to tax | (109) | (115) |
| **Total tax charge [see note 7(a)]** | **63** | **56** |

## 8. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 217 | 200 |
| Final distribution | 548 | 559 |
| | 765 | 759 |
| Add: Amounts deducted on cancellation of units | 35 | 41 |
| Less: Amounts received on issue of units | (1) | (1) |
| **Distributions** | **799** | **799** |

Details of the interim and final distributions per unit are set out in the tables on page 148.

## 9. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Manager's charge rebates | – | 2 |
| Accrued revenue | 15 | 17 |
| Expense rebate due from the Manager | 13 | 27 |
| **Total debtors** | **28** | **46** |


NM9625U-4588099-155/226

## Notes to Financial Statements continued

### 10. Cash and Bank Balances

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Amount held at futures clearing houses and brokers | 140 | 352 |
| Cash and bank balances | 113 | 168 |
| **Total cash and bank balances** | **253** | **520** |

### 11. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | 4,392 | 3,872 |
| **Total cash equivalents** | **4,392** | **3,872** |

### 12. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | 4 | 16 |
| Accrued Audit fee | 9 | 9 |
| Accrued Trustee's fee | 1 | 2 |
| Amounts payable for cancellation of units | 238 | 16 |
| Corporation tax payable | 63 | 56 |
| Custodian transaction costs | – | 1 |
| **Total other creditors** | **315** | **100** |

### 13. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

### 14. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

### 15. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

## Notes to Financial Statements continued

### 15. Related Parties continued

The following entities were related parties of the Fund during the year ended 28 February 2025:

| | |
|---|---|
| Manager/Registrar: | BlackRock Fund Managers Limited |
| Investment Manager: | BlackRock Investment Management (UK) Limited |
| Stock Lending Agent: | BlackRock Advisors (UK) Limited |

The ultimate holding company of the Manager, Registrar, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 and 12. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 12. Securities lending revenue earned by the Fund is disclosed in note 4.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not

## Notes to Financial Statements continued

### 15. Related Parties continued

be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025 and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 100% |

As at 29 February 2024:

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 100% |

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 1,070 | – | – | – | – |
| **Total purchases** | **1,070** | **–** | | **–** | |
| **Total purchases including transaction costs** | **1,070** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 3,972 | – | – | – | – |
| **Total sales** | **3,972** | **–** | | **–** | |
| **Total sales net of transaction costs** | **3,972** | | | | |
| **Derivative transaction costs** | | **2** | | **–** | |
| **Total transaction costs** | | **2** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.01%** | | **0.00%** | |

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 1,849 | – | – | – | – |
| **Total purchases** | **1,849** | **–** | | **–** | |
| **Total purchases including transaction costs** | **1,849** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 6,368 | – | – | – | – |
| **Total sales** | **6,368** | **–** | | **–** | |
| **Total sales net of transaction costs** | **6,368** | | | | |
| **Derivative transaction costs** | | **2** | | **–** | |
| **Total transaction costs** | | **2** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.01%** | | **0.00%** | |

The above analysis covers any direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

During the year the Fund utilised FDIs including futures covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

## Notes to Financial Statements continued

### 16. Portfolio Transaction Costs continued

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.03% (29 February 2024: 0.00%).

### 17. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units |
|---|---|
| Balance at the beginning of the year | 21,057,772 |
| Issued during the year | 92,689 |
| Cancelled during the year | (2,786,445) |
| **Balance at the end of the year** | **18,364,016** |

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

### 18. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# BlackRock Volatility Strategy Fund I

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was established on 6 March 2013 and was authorised by the FCA on 17 January 2013. The Fund's FCA product reference number is 637731.

# BlackRock Volatility Strategy Fund I

## Comparative Table

| | C Accumulation Units | | | E Accumulation Units | | |
|---|---|---|---|---|---|---|
| | For the year[1] to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 | For the year[1] to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | | | | |
| Opening net asset value per unit | 165.8 | 152.5 | 160.9 | 163.6 | 150.7 | 159.1 |
| Return before operating charges | 10.47 | 13.64 | (8.09) | 10.29 | 13.50 | (7.88) |
| Operating charges | (0.18) | (0.34) | (0.34) | (0.30) | (0.57) | (0.56) |
| Return after operating charges | 10.29 | 13.30 | (8.43) | 9.99 | 12.93 | (8.44) |
| Distributions | (1.26) | (3.05) | (2.52) | (1.14) | (2.83) | (2.31) |
| Retained distributions on accumulation units | 1.26 | 3.05 | 2.52 | 1.14 | 2.83 | 2.31 |
| **Closing net asset value per unit** | 176.1 | 165.8 | 152.5 | 173.6 | 163.6 | 150.7 |
| After direct transaction costs of | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Performance** | | | | | | |
| Return after charges[2] | 6.21% | 8.72% | (5.24)% | 6.11% | 8.58% | (5.30)% |
| **Other information** | | | | | | |
| Closing net asset value (£000's) | – | 159,328 | 156,177 | – | 3,823 | 4,336 |
| Closing number of units | 0.00 | 96,095,682 | 102,433,649 | 0.00 | 2,336,178 | 2,878,140 |
| Operating charges[3] | 0.22% | 0.22% | 0.22% | 0.37% | 0.37% | 0.37% |
| Direct transaction costs[4] | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 191.5 | 177.7 | 176.6 | 188.9 | 175.4 | 174.7 |
| Lowest bid unit price | 166.1 | 150.4 | 144.2 | 163.9 | 148.5 | 142.6 |

1 The above table shows performance information to 7 November 2024, the date the Fund commenced termination.

2 The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

3 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).

4 Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of collective investment schemes. See note 15 for further details.


NM0625U-4588099-163/226

# BlackRock Volatility Strategy Fund I

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation Units | | E Accumulation Units | |
|---|---|---|---|---|
| | Group 1 | Group 2 | Group 1 | Group 2 |
| Net revenue (dividend) | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Equalisation† | – | 0.0000 | – | 0.0000 |
| **Distribution paid 30.4.2025** | **0.0000** | **0.0000** | **0.0000** | **0.0000** |
| **Distribution paid 30.4.2024** | **2.1046** | **2.1046** | **1.9825** | **1.9825** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation Units | | E Accumulation Units | |
|---|---|---|---|---|
| | Group 1 | Group 2 | Group 1 | Group 2 |
| Net revenue (dividend) | 1.2558 | 0.0000 | 1.1353 | 0.0000 |
| Equalisation† | – | 1.2558 | – | 1.1353 |
| **Distribution paid 31.10.2024** | **1.2558** | **1.2558** | **1.1353** | **1.1353** |
| **Distribution paid 31.10.2023** | **0.9486** | **0.9486** | **0.8430** | **0.8430** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# BlackRock Volatility Strategy Fund I

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains | 3 | | 817 | | 10,208 |
| Revenue | 4 | 2,125 | | 3,817 | |
| Expenses | 5 | (52) | | (340) | |
| Interest payable and similar charges | 6 | (2) | | – | |
| Net revenue before taxation | | 2,071 | | 3,477 | |
| Taxation | 7 | (216) | | (351) | |
| Net revenue after taxation | | | 1,855 | | 3,126 |
| Total return before distributions | | | 2,672 | | 13,334 |
| Distributions | 8 | | (1,711) | | (3,126) |
| **Change in net assets attributable to unitholders from investment activities** | | | **961** | | **10,208** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 163,151 | | 160,513 |
| Amounts receivable on issue of units | 2,560 | | 9,947 | |
| In-Specie transfer | (122,561) | | – | |
| Amounts payable on cancellation of units | (44,371) | | (20,548) | |
| | | (164,372) | | (10,601) |
| Change in net assets attributable to unitholders from investment activities | | 961 | | 10,208 |
| Retained distribution on accumulation units | | 241 | | 3,031 |
| Amounts receivable on termination | | 19 | | – |
| **Closing net assets attributable to unitholders** | | **–** | | **163,151** |

# BlackRock Volatility Strategy Fund I

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | – | 161,412 |
| Current assets | | | |
| – Debtors | 9 | 25 | 82 |
| – Cash and bank balances | | 114 | 10 |
| – Cash equivalents | 10 | – | 2,462 |
| **Total assets** | | **139** | **163,966** |
| **Liabilities:** | | | |
| Investment liabilities | | – | (179) |
| Creditors | | | |
| – Other creditors | 11 | (139) | (636) |
| **Total liabilities** | | **(139)** | **(815)** |
| **Net assets attributable to unitholders** | | **–** | **163,151** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025

# BlackRock Volatility Strategy Fund I

## Notes to Financial Statements

for the year ended 28 February 2025

### 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

### 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

### 3. Net Capital Gains

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains comprise: | | |
| Gains on non-derivative securities | 287 | 7,830 |
| Gains on derivative securities | 534 | 2,485 |
| Currency losses | (1) | (102) |
| Custodian transaction costs | (3) | (5) |
| **Net capital gains** | **817** | **10,208** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £820,000 comprise net realised gains of £11,831,000 and net unrealised losses of £(11,011,000) (29 February 2024: £10,213,000 comprising net realised gains of £2,553,000 and net unrealised gains of £7,660,000). Certain realised gains and losses in the current year were unrealised in the prior year.

### 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Equity distributions on CIS holdings | 987 | 1,727 |
| Interest distributions on CIS holdings | 949 | 1,192 |
| Overseas dividends | 167 | 739 |
| Revenue from short-term money market funds | 22 | 159 |
| **Total revenue** | **2,125** | **3,817** |

## Notes to Financial Statements continued

### 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 57 | 324 |
| – Expense rebate due from the Manager[1] | (7) | (16) |
| | 50 | 308 |
| Other expenses: | | |
| – Audit fee | – | 16 |
| – Closure expenses | (4) | 5 |
| – Legal and other professional fees | 4 | 1 |
| – Trustee's fees | 2 | 10 |
| | 2 | 32 |
| **Total expenses** | **52** | **340** |

[1] The Fund receives rebates from the Manager to ensure that the Operating Charge does not exceed 0.22% and 0.37% for C class units and E class units respectively.

### 6. Interest Payable and Similar Charges

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interest on bank overdrafts | 2 | – |
| **Total interest payable and similar charges** | **2** | **–** |

### 7. Taxation

#### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Corporation tax | 216 | 351 |
| **Total tax charge [see note 7(b)]** | **216** | **351** |

# Notes to Financial Statements continued

## 7. Taxation continued

### (b) Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 2,071 | 3,477 |
| Corporation tax at 20% (29 February 2024: 20%) | 414 | 695 |
| Effects of: | | |
| Excess expenses for which no tax relief taken | (1) | 1 |
| Revenue not subject to tax | (197) | (345) |
| **Total tax charge [see note 7(a)]** | **216** | **351** |

## 8. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 241 | 962 |
| Final distribution | – | 2,069 |
| | 241 | 3,031 |
| Add: Amounts deducted on cancellation of units | 460 | 180 |
| Equalisation on In-Specie transfer | 1,033 | – |
| Less: Amounts received on issue of units | (23) | (85) |
| **Distributions** | **1,711** | **3,126** |
| | | |
| The distributable amount has been calculated as follows: | | |
| Net revenue after taxation | 1,855 | 3,126 |
| Less: Movement in revenue post final distribution | (144) | - |
| **Distributions** | **1,711** | **3,126** |


NM9625U-4588099-169/226

## Notes to Financial Statements continued

### 9. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Amounts receivable on termination | 19 | – |
| Accrued revenue | – | 11 |
| Amounts receivable for issue of units | – | 41 |
| Expense rebate due from the Manager | – | 24 |
| Income tax recoverable | 6 | 6 |
| **Total debtors** | **25** | **82** |

### 10. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | – | 2,462 |
| **Total cash equivalents** | **–** | **2,462** |

### 11. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | – | 108 |
| Accrued Audit fee | 8 | 16 |
| Accrued Closure expenses | 1 | 5 |
| Accrued Legal and other professional fees | 1 | – |
| Accrued Trustee's fee | 1 | 11 |
| Amounts payable for cancellation of units | – | 292 |
| Corporation tax payable | 128 | 203 |
| Custodian transaction costs | – | 1 |
| **Total other creditors** | **139** | **636** |

### 12. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

### 13. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated

# Notes to Financial Statements continued

## 13. Credit Facility continued

19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

## 14. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following entities were related parties of the Fund during the year ended 28 February 2025:

| | |
|---|---|
| Manager/Registrar: | BlackRock Fund Managers Limited |
| Investment Manager: | BlackRock Investment Management (UK) Limited |

The ultimate holding company of the Manager, Registrar and Investment Manager is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 and 11. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 11.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not

## Notes to Financial Statements continued

### 14. Related Parties continued

be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025, none of the unitholders and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 29 February 2024:

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 98% |

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

# Notes to Financial Statements continued

## 15. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| **Purchases (excluding derivatives)** | **Transaction Value £000's** | **Commissions £000's** | **%** | **Taxes £000's** | **%** |
| Collective investment schemes | 1,240 | – | – | – | – |
| **Total purchases** | **1,240** | **–** | | **–** | |
| **Total purchases including transaction costs** | **1,240** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| **Sales (excluding derivatives)** | **Transaction Value £000's** | **Commissions £000's** | **%** | **Taxes £000's** | **%** |
| Collective investment schemes | 42,482 | – | – | – | – |
| In-Specie | 122,293 | – | – | – | – |
| **Total sales** | **164,775** | **–** | | **–** | |
| **Total sales net of transaction costs** | **164,775** | | | | |
| **Total transaction costs** | | **–** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |


NM0625U-4588099-17/226

# Notes to Financial Statements continued

## 15. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 34,841 | – | – | – | – |
| **Total purchases** | **34,841** | **–** | | **–** | |
| **Total purchases including transaction costs** | **34,841** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 27,384 | – | – | – | – |
| **Total sales** | **27,384** | **–** | | **–** | |
| **Total sales net of transaction costs** | **27,384** | | | | |
| **Total transaction costs** | | **–** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |

The above analysis covers any direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.00% (29 February 2024: 0.00%).

## Notes to Financial Statements continued

### 16. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units | E Accumulation Units |
|---|---|---|
| Balance at the beginning of the year | 96,095,682 | 2,336,178 |
| Issued during the year | 1,315,675 | 184,850 |
| Cancelled during the year | (97,411,357) | (2,521,028) |
| **Balance at the end of the year** | **–** | **–** |

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

### 17. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# BlackRock Volatility Strategy Fund II

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was established on 6 March 2013 and was authorised by the FCA on 17 January 2013. The Fund's FCA product reference number is 637732.

# BlackRock Volatility Strategy Fund II

## Comparative Table

| | C Accumulation Units | | | E Accumulation Units | | |
|---|---|---|---|---|---|---|
| | For the year[1] to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 | For the year[1] to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | | | | |
| Opening net asset value per unit | 180.7 | 163.3 | 169.8 | 178.3 | 161.3 | 168.0 |
| Return before operating charges | 13.04 | 17.73 | (6.16) | 12.84 | 17.62 | (6.06) |
| Operating charges | (0.20) | (0.37) | (0.36) | (0.33) | (0.62) | (0.60) |
| Return after operating charges | 12.84 | 17.36 | (6.52) | 12.51 | 17.00 | (6.66) |
| Distributions | (1.37) | (3.53) | (2.78) | (1.24) | (3.28) | (2.56) |
| Retained distributions on accumulation units | 1.37 | 3.53 | 2.78 | 1.24 | 3.28 | 2.56 |
| **Closing net asset value per unit** | 193.5 | 180.7 | 163.3 | 190.8 | 178.3 | 161.3 |
| After direct transaction costs of | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Performance** | | | | | | |
| Return after charges[2] | 7.11% | 10.63% | (3.84)% | 7.02% | 10.54% | (3.96)% |
| **Other information** | | | | | | |
| Closing net asset value (£000's) | – | 387,834 | 366,722 | – | 14,890 | 15,352 |
| Closing number of units | 0.00 | 214,679,831 | 224,602,824 | 0.00 | 8,351,134 | 9,515,251 |
| Operating charges[3] | 0.22% | 0.22% | 0.22% | 0.37% | 0.37% | 0.37% |
| Direct transaction costs[4] | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 210.5 | 193.5 | 188.3 | 207.6 | 191.0 | 186.3 |
| Lowest bid unit price | 181.1 | 160.0 | 152.1 | 178.7 | 158.1 | 150.4 |

1 The above table shows performance information to 7 November 2024 the date the Fund commenced termination.

2 The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

3 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).

4 Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of collective investment schemes. See note 15 for further details.

# BlackRock Volatility Strategy Fund II

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation Units | | E Accumulation Units | |
|---|---|---|---|---|
| | Group 1 | Group 2 | Group 1 | Group 2 |
| Net revenue (dividend) | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Equalisation† | – | 0.0000 | – | 0.0000 |
| **Distribution paid 30.4.2025** | **0.0000** | **0.0000** | **0.0000** | **0.0000** |
| **Distribution paid 30.4.2024** | **2.3589** | **2.3589** | **2.2276** | **2.2276** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation Units | | E Accumulation Units | |
|---|---|---|---|---|
| | Group 1 | Group 2 | Group 1 | Group 2 |
| Net revenue (dividend) | 1.3674 | 0.0000 | 1.2362 | 0.0000 |
| Equalisation† | – | 1.3674 | – | 1.2362 |
| **Distribution paid 31.10.2024** | **1.3674** | **1.3674** | **1.2362** | **1.2362** |
| **Distribution paid 31.10.2023** | **1.1699** | **1.1699** | **1.0573** | **1.0573** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# BlackRock Volatility Strategy Fund II

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains | 3 | | 7,360 | | 31,158 |
| Revenue | 4 | 6,335 | | 9,547 | |
| Expenses | 5 | (268) | | (825) | |
| Interest payable and similar charges | 6 | (19) | | – | |
| Net revenue before taxation | | 6,048 | | 8,722 | |
| Taxation | 7 | (471) | | (653) | |
| Net revenue after taxation | | | 5,577 | | 8,069 |
| Total return before distributions | | | 12,937 | | 39,227 |
| Distributions | 8 | | (5,070) | | (8,069) |
| **Change in net assets attributable to unitholders from investment activities** | | | **7,867** | | **31,158** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 402,724 | | 382,074 |
| Amounts receivable on issue of units | 9,236 | | 19,143 | |
| In-Specie transfer | (220,204) | | – | |
| Amounts payable on cancellation of units | (200,906) | | (37,542) | |
| | | (411,874) | | (18,399) |
| Change in net assets attributable to unitholders from investment activities | | 7,867 | | 31,158 |
| Retained distribution on accumulation units | | 1,198 | | 7,891 |
| Amounts receivable on termination | | 85 | | – |
| **Closing net assets attributable to unitholders** | | **–** | | **402,724** |

# BlackRock Volatility Strategy Fund II

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | – | 394,549 |
| Current assets | | | |
| – Debtors | 9 | 107 | 78 |
| – Cash and bank balances | | – | 10 |
| – Cash equivalents | 10 | – | 9,497 |
| **Total assets** | | **107** | **404,134** |
| **Liabilities:** | | | |
| Investment liabilities | | – | (392) |
| Creditors | | | |
| – Bank overdrafts | | (2) | – |
| – Other creditors | 11 | (105) | (1,018) |
| **Total liabilities** | | **(107)** | **(1,410)** |
| **Net assets attributable to unitholders** | | **–** | **402,724** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025


NM0625U-4588098-180/226

# Notes to Financial Statements

for the year ended 28 February 2025

## 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

## 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

## 3. Net Capital Gains

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains comprise: | | |
| Gains on non-derivative securities | 5,732 | 26,084 |
| Gains on derivative securities | 1,634 | 5,303 |
| Currency losses | (2) | (224) |
| Custodian transaction costs | (4) | (5) |
| **Net capital gains** | **7,360** | **31,158** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £7,364,000 comprise net realised gains of £54,032,000 and net unrealised losses of £(46,668,000) (29 February 2024: £31,163,000 comprising net realised gains of £4,811,000 and net unrealised gains of £26,352,000). Certain realised gains and losses in the current year were unrealised in the prior year.

## 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Equity distributions on CIS holdings | 3,690 | 5,462 |
| Interest distributions on CIS holdings | 1,869 | 2,273 |
| Interest from UK bank deposits | – | 1 |
| Overseas dividends | 612 | 1,380 |
| Revenue from short-term money market funds | 164 | 431 |
| **Total revenue** | **6,335** | **9,547** |

## Notes to Financial Statements continued

### 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 265 | 787 |
| – Expense rebate due from the Manager[1] | (19) | (9) |
| | 246 | 778 |
| Other expenses: | | |
| – Audit fee | – | 17 |
| – Closure expenses | (4) | 5 |
| – Legal and other professional fees | 18 | 2 |
| – Trustee's fees | 8 | 23 |
| | 22 | 47 |
| **Total expenses** | **268** | **825** |

[1] The Fund receives rebates from the Manager to ensure that the Operating Charge does not exceed 0.22% and 0.37% for C class units and E class units respectively.

### 6. Interest Payable and Similar Charges

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interest on bank overdrafts | 19 | – |
| **Total interest payable and similar charges** | **19** | **–** |

### 7. Taxation

#### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Corporation tax | 471 | 653 |
| **Total tax charge [see note 7(b)]** | **471** | **653** |

# Notes to Financial Statements continued

## 7. Taxation continued

### (b) Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 6,048 | 8,722 |
| Corporation tax at 20% (29 February 2024: 20%) | 1,210 | 1,744 |
| Effects of: | | |
| Excess expenses for which no tax relief taken | (1) | 1 |
| Revenue not subject to tax | (738) | (1,092) |
| **Total tax charge [see note 7(a)]** | **471** | **653** |

## 8. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 1,198 | 2,641 |
| Final distribution | – | 5,250 |
| | 1,198 | 7,891 |
| Add: Amounts deducted on cancellation of units | 2,155 | 357 |
| Equalisation on In-Specie transfer | 1,798 | – |
| Less: Amounts received on issue of units | (81) | (179) |
| **Distributions** | **5,070** | **8,069** |
| The distributable amount has been calculated as follows: | | |
| Net revenue after taxation | 5,577 | 8,069 |
| Less: Movement in revenue post final distribution | (507) | - |
| **Distributions** | **5,070** | **8,069** |

Details of the interim and final distributions per unit are set out in the tables on page 177.


NM0625U-4588099-183/226

## Notes to Financial Statements continued

### 9. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Amounts receivable on termination | 85 | – |
| Accrued revenue | – | 43 |
| Amounts receivable for issue of units | – | 2 |
| Expense rebate due from the Manager | – | 14 |
| Income tax recoverable | 22 | 19 |
| **Total debtors** | **107** | **78** |

### 10. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | – | 9,497 |
| **Total cash equivalents** | **–** | **9,497** |

### 11. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | – | 265 |
| Accrued Audit fee | 8 | 16 |
| Accrued Closure expenses | 1 | 5 |
| Accrued Legal and other professional fees | 15 | – |
| Accrued Trustee's fee | 2 | 28 |
| Amounts payable for cancellation of units | – | 319 |
| Corporation tax payable | 79 | 384 |
| Custodian transaction costs | – | 1 |
| **Total other creditors** | **105** | **1,018** |

### 12. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

### 13. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated

# Notes to Financial Statements continued

## 13. Credit Facility continued

19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

## 14. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following entities were related parties of the Fund during the year ended 28 February 2025:

| | |
|---|---|
| Manager/Registrar: | BlackRock Fund Managers Limited |
| Investment Manager: | BlackRock Investment Management (UK) Limited |

The ultimate holding company of the Manager, Registrar and Investment Manager is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 and 11. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 11.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not

## Notes to Financial Statements continued

### 14. Related Parties continued

be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025, none of the unitholders and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 29 February 2024:

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 96% |

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

## Notes to Financial Statements continued

### 15. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 55,230 | – | – | – | – |
| **Total purchases** | **55,230** | **–** | | **–** | |
| **Total purchases including transaction costs** | **55,230** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 245,029 | – | – | – | – |
| In-Specie | 216,067 | – | – | – | – |
| **Total sales** | **461,096** | **–** | | **–** | |
| **Total sales net of transaction costs** | **461,096** | | | | |
| **Total transaction costs** | | **–** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |

## Notes to Financial Statements continued

### 15. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 48,616 | – | – | – | – |
| **Total purchases** | **48,616** | **–** | | **–** | |
| **Total purchases including transaction costs** | **48,616** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 65,400 | – | – | – | – |
| **Total sales** | **65,400** | **–** | | **–** | |
| **Total sales net of transaction costs** | **65,400** | | | | |
| **Total transaction costs** | | **–** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |

The above analysis covers any direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.00% (29 February 2024: 0.00%).

# Notes to Financial Statements continued

## 16. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units | E Accumulation Units |
|---|---|---|
| Balance at the beginning of the year | 214,679,831 | 8,351,134 |
| Issued during the year | 4,127,427 | 838,122 |
| Cancelled during the year | (218,807,258) | (9,189,256) |
| **Balance at the end of the year** | **–** | **–** |

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

## 17. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# BlackRock Volatility Strategy Fund III

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was established on 6 March 2013 and was authorised by the FCA on 17 January 2013. The Fund's FCA product reference number is 637733.

# BlackRock Volatility Strategy Fund III

## Comparative Table

| | C Accumulation Units | | | E Accumulation Units | | |
|---|---|---|---|---|---|---|
| | For the year[1] to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 | For the year[1] to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | | | | |
| Opening net asset value per unit | 198.3 | 176.3 | 179.7 | 195.6 | 174.1 | 177.7 |
| Return before operating charges | 15.98 | 22.36 | (3.00) | 15.71 | 22.12 | (2.94) |
| Operating charges | (0.22) | (0.40) | (0.38) | (0.36) | (0.67) | (0.64) |
| Return after operating charges | 15.76 | 21.96 | (3.38) | 15.35 | 21.45 | (3.58) |
| Distributions | (1.34) | (3.89) | (3.08) | (1.19) | (3.61) | (2.83) |
| Retained distributions on accumulation units | 1.34 | 3.89 | 3.08 | 1.19 | 3.61 | 2.83 |
| **Closing net asset value per unit** | 214.1 | 198.3 | 176.3 | 211.0 | 195.6 | 174.1 |
| After direct transaction costs of | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Performance** | | | | | | |
| Return after charges[2] | 7.95% | 12.46% | (1.88)% | 7.85% | 12.32% | (2.01)% |
| **Other information** | | | | | | |
| Closing net asset value (£000's) | – | 155,814 | 137,460 | – | 11,695 | 10,882 |
| Closing number of units | 0.00 | 78,590,868 | 77,960,666 | 0.00 | 5,980,279 | 6,249,725 |
| Operating charges[3] | 0.22% | 0.22% | 0.22% | 0.37% | 0.37% | 0.37% |
| Direct transaction costs[4] | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 233.0 | 212.2 | 201.2 | 229.7 | 209.3 | 198.9 |
| Lowest bid unit price | 198.7 | 171.4 | 162.2 | 196.0 | 169.2 | 160.3 |

1 The above table shows performance information to 7 November 2024 the date the Fund commenced termination.

2 The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

3 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).

4 Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of collective investment schemes. See note 14 for further details.

# BlackRock Volatility Strategy Fund III

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation Units | | E Accumulation Units | |
|---|---|---|---|---|
| | Group 1 | Group 2 | Group 1 | Group 2 |
| Net revenue (dividend) | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Equalisation† | – | 0.0000 | – | 0.0000 |
| **Distribution paid 30.4.2025** | **0.0000** | **0.0000** | **0.0000** | **0.0000** |
| **Distribution paid 30.4.2024** | **2.4608** | **2.4608** | **2.3160** | **2.3160** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation Units | | E Accumulation Units | |
|---|---|---|---|---|
| | Group 1 | Group 2 | Group 1 | Group 2 |
| Net revenue (dividend) | 1.3367 | 0.0000 | 1.1933 | 0.0000 |
| Equalisation† | – | 1.3367 | – | 1.1933 |
| **Distribution paid 31.10.2024** | **1.3367** | **1.3367** | **1.1933** | **1.1933** |
| **Distribution paid 31.10.2023** | **1.4259** | **1.4259** | **1.2987** | **1.2987** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# BlackRock Volatility Strategy Fund III

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains | 3 | | 656 | | 15,312 |
| Revenue | 4 | 1,626 | | 3,773 | |
| Expenses | 5 | (41) | | (327) | |
| Net revenue before taxation | | 1,585 | | 3,446 | |
| Taxation | 6 | (59) | | (163) | |
| Net revenue after taxation | | | 1,526 | | 3,283 |
| Total return before distributions | | | 2,182 | | 18,595 |
| Distributions | 7 | | (1,454) | | (3,283) |
| **Change in net assets attributable to unitholders from investment activities** | | | **728** | | **15,312** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 167,509 | | 148,342 |
| Amounts receivable on issue of units | 3,404 | | 17,021 | |
| In-Specie transfer | (140,323) | | – | |
| Amounts payable on cancellation of units | (31,430) | | (16,448) | |
| | | (168,349) | | 573 |
| Change in net assets attributable to unitholders from investment activities | | 728 | | 15,312 |
| Retained distribution on accumulation units | | 119 | | 3,282 |
| Amounts payable on termination | | (7) | | – |
| **Closing net assets attributable to unitholders** | | **–** | | **167,509** |

# BlackRock Volatility Strategy Fund III

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | – | 161,941 |
| Current assets | | | |
| – Debtors | 8 | 9 | 173 |
| – Cash and bank balances | | 49 | 10 |
| – Cash equivalents | 9 | – | 5,933 |
| **Total assets** | | **58** | **168,057** |
| **Liabilities:** | | | |
| Investment liabilities | | – | (133) |
| Creditors | | | |
| – Other creditors | 10 | (58) | (415) |
| **Total liabilities** | | **(58)** | **(548)** |
| **Net assets attributable to unitholders** | | **–** | **167,509** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025

# BlackRock Volatility Strategy Fund III

## Notes to Financial Statements

for the year ended 28 February 2025

### 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

### 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

### 3. Net Capital Gains

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains comprise: | | |
| Gains on non-derivative securities | 372 | 13,638 |
| Gains on derivative securities | 287 | 1,756 |
| Currency losses | – | (77) |
| Custodian transaction costs | (4) | (5) |
| Custodian transaction costs rebate | 1 | – |
| **Net capital gains** | **656** | **15,312** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £659,000 comprise net realised gains of £27,329,000 and net unrealised losses of £(26,670,000) (29 February 2024: £15,317,000 comprising net realised gains of £1,562,000 and net unrealised gains of £13,755,000). Certain realised gains and losses in the current year were unrealised in the prior year.

### 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Equity distributions on CIS holdings | 1,287 | 2,638 |
| Interest distributions on CIS holdings | 230 | 455 |
| Interest from UK bank deposits | 2 | 1 |
| Overseas dividends | 70 | 407 |
| Revenue from short-term money market funds | 37 | 272 |
| **Total revenue** | **1,626** | **3,773** |

## Notes to Financial Statements continued

### 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 49 | 326 |
| – Expense rebate due from the Manager[1] | (8) | (31) |
| | 41 | 295 |
| Other expenses: | | |
| – Audit fee | – | 17 |
| – Closure expenses | (4) | 5 |
| – Legal and other professional fees | 2 | 1 |
| – Trustee's fees | 2 | 9 |
| | – | 32 |
| **Total expenses** | **41** | **327** |

[1] The Fund receives rebates from the Manager to ensure that the Operating Charge does not exceed 0.22% and 0.37% for C class units and E class units respectively.

### 6. Taxation

#### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Corporation tax | 59 | 163 |
| **Total tax charge [see note 6(b)]** | **59** | **163** |

#### (b) Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 1,585 | 3,446 |
| Corporation tax at 20% (29 February 2024: 20%) | 317 | 689 |
| Effects of: | | |
| Excess expenses for which no tax relief taken | (1) | 1 |
| Revenue not subject to tax | (257) | (527) |
| **Total tax charge [see note 6(a)]** | **59** | **163** |

# Notes to Financial Statements continued

## 7. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 119 | 1,209 |
| Final distribution | – | 2,073 |
| | 119 | 3,282 |
| Add: Amounts deducted on cancellation of units | 301 | 169 |
| Equalisation on In-Specie transfer | 1,061 | – |
| Less: Amounts received on issue of units | (27) | (168) |
| **Distributions** | **1,454** | **3,283** |
| | | |
| The distributable amount has been calculated as follows: | | |
| Net revenue after taxation | 1,526 | 3,283 |
| Less: Movement in revenue post final distribution | (72) | - |
| **Distributions** | **1,454** | **3,283** |

Details of the interim and final distributions per unit are set out in the tables on page 191.

## 8. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued revenue | – | 28 |
| Amounts receivable for issue of units | – | 81 |
| Expense rebate due from the Manager | – | 55 |
| Income tax recoverable | 9 | 9 |
| **Total debtors** | **9** | **173** |

## 9. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | – | 5,933 |
| **Total cash equivalents** | **–** | **5,933** |


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## Notes to Financial Statements continued

### 10. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | – | 113 |
| Accrued Audit fee | 8 | 16 |
| Accrued Closure expenses | 1 | 5 |
| Accrued Trustee's fee | – | 11 |
| Amounts payable for cancellation of units | – | 164 |
| Corporation tax payable | 42 | 106 |
| Amounts payable on termination | 7 | – |
| **Total other creditors** | **58** | **415** |

### 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

### 12. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

### 13. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following entities were related parties of the Fund during the year ended 28 February 2025:

| | |
|---|---|
| Manager/Registrar: | BlackRock Fund Managers Limited |
| Investment Manager: | BlackRock Investment Management (UK) Limited |

The ultimate holding company of the Manager, Registrar and Investment Manager is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 10. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 10.

# Notes to Financial Statements continued

## 13. Related Parties continued

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025, none of the unitholders and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 29 February 2024:

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 93% |

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

# Notes to Financial Statements continued

## 14. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 6,470 | – | – | – | – |
| **Total purchases** | **6,470** | **–** | | **–** | |
| **Total purchases including transaction costs** | **6,470** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 34,657 | – | – | – | – |
| In-Specie | 135,513 | – | – | – | – |
| **Total sales** | **170,170** | **–** | | **–** | |
| **Total sales net of transaction costs** | **170,170** | | | | |
| **Total transaction costs** | | **–** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |

# Notes to Financial Statements continued

## 14. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| **Purchases (excluding derivatives)** | **Transaction Value £000's** | **Commissions £000's** | **%** | **Taxes £000's** | **%** |
| Collective investment schemes | 26,731 | – | – | – | – |
| **Total purchases** | **26,731** | **–** | | **–** | |
| **Total purchases including transaction costs** | **26,731** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| **Sales (excluding derivatives)** | **Transaction Value £000's** | **Commissions £000's** | **%** | **Taxes £000's** | **%** |
| Collective investment schemes | 27,000 | – | – | – | – |
| **Total sales** | **27,000** | **–** | | **–** | |
| **Total sales net of transaction costs** | **27,000** | | | | |
| **Total transaction costs** | | **–** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |

The above analysis covers any direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.00 (29 February 2024: 0.00).

## Notes to Financial Statements continued

### 15. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units | E Accumulation Units |
|---|---|---|
| Balance at the beginning of the year | 78,590,868 | 5,980,279 |
| Issued during the year | 919,401 | 762,501 |
| Cancelled during the year | (79,510,269) | (6,742,780) |
| **Balance at the end of the year** | **–** | **–** |

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

### 16. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.

# BlackRock Volatility Strategy Fund IV

## About the Fund

The Fund is a sub-fund of BlackRock Non-UCITS Retail Funds, a non-UCITS retail scheme under the COLL Sourcebook. The Fund was established on 10 February 2014 and was authorised by the FCA on 10 January 2014. The Fund's FCA product reference number is 637738.

# BlackRock Volatility Strategy Fund IV

## Comparative Table

| | C Accumulation Units | | | E Accumulation Units | | |
|---|---|---|---|---|---|---|
| | For the year[1] to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 | For the year[2] to 28.2.2025 | For the year to 29.2.2024 | For the year to 28.2.2023 |
| | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| **Change in net assets per unit** | | | | | | |
| Opening net asset value per unit | 208.7 | 181.8 | 181.7 | 205.5 | 179.3 | 179.5 |
| Return before operating charges | 10.89 | 27.33 | 0.46 | 18.71 | 26.90 | 0.41 |
| Operating charges | (0.02) | (0.42) | (0.39) | (0.39) | (0.69) | (0.65) |
| Return after operating charges | 10.87 | 26.91 | 0.07 | 18.32 | 26.21 | (0.24) |
| Distributions | 0.00 | (3.68) | (3.20) | (1.11) | (3.34) | (2.89) |
| Retained distributions on accumulation units | N/A | 3.68 | 3.20 | 1.11 | 3.34 | 2.89 |
| **Closing net asset value per unit** | 219.6 | 208.7 | 181.8 | 223.8 | 205.5 | 179.3 |
| After direct transaction costs of | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Performance** | | | | | | |
| Return after charges[3] | 5.21% | 14.80% | 0.04% | 8.91% | 14.62% | (0.13)% |
| **Other information** | | | | | | |
| Closing net asset value (£000's) | – | 71,942 | 59,644 | – | 6,768 | 5,978 |
| Closing number of units | 0.00 | 34,470,123 | 32,813,477 | 0.00 | 3,293,086 | 3,334,648 |
| Operating charges[4] | 0.22% | 0.22% | 0.22% | 0.37% | 0.37% | 0.37% |
| Direct transaction costs[5] | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **Prices** | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| Highest offer unit price | 235.1 | 223.4 | 205.3 | 244.1 | 220.0 | 202.7 |
| Lowest bid unit price | 209.0 | 175.3 | 165.4 | 205.8 | 172.8 | 163.2 |

1 C Accumulation units closed on 14 May 2024.

2 The above table shows performance information to 7 November 2024 the date the Fund commenced termination.

3 The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).

4 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).

5 Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of collective investment schemes. See note 14 for further details.

# BlackRock Volatility Strategy Fund IV

## Distribution Tables

for the year ended 28 February 2025

### Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2024

Group 2 – Units purchased 1 September 2024 to 28 February 2025

| | C Accumulation[1] Units | | E Accumulation Units | |
|---|---|---|---|---|
| | Group 1 | Group 2 | Group 1 | Group 2 |
| Net revenue (dividend) | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Equalisation† | – | 0.0000 | – | 0.0000 |
| **Distribution paid 30.4.2025** | **0.0000** | **0.0000** | **0.0000** | **0.0000** |
| **Distribution paid 30.4.2024** | **2.3441** | **2.3441** | **2.1635** | **2.1635** |

### Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2024

Group 2 – Units purchased 1 March 2024 to 31 August 2024

| | C Accumulation[1] Units | | E Accumulation Units | |
|---|---|---|---|---|
| | Group 1 | Group 2 | Group 1 | Group 2 |
| Net revenue (dividend) | 0.0000 | 0.0000 | 1.1093 | 0.0000 |
| Equalisation† | – | 0.0000 | – | 1.1093 |
| **Distribution paid 31.10.2024** | **0.0000** | **0.0000** | **1.1093** | **1.1093** |
| **Distribution paid 31.10.2023** | **1.3390** | **1.3390** | **1.1796** | **1.1796** |

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

[1] C Accumulation units closed on 14 May 2024.

# BlackRock Volatility Strategy Fund IV

## Statement of Total Return

for the year ended 28 February 2025

| | Notes | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital gains | 3 | | 249 | | 8,669 |
| Revenue | 4 | 702 | | 1,498 | |
| Expenses | 5 | (19) | | (152) | |
| Net revenue before taxation | | 683 | | 1,346 | |
| Taxation | 6 | (3) | | (2) | |
| Net revenue after taxation | | | 680 | | 1,344 |
| Total return before distributions | | | 929 | | 10,013 |
| Distributions | 7 | | (674) | | (1,344) |
| **Change in net assets attributable to unitholders from investment activities** | | | **255** | | **8,669** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2025

| | £000's | For the year to 28.2.2025 £000's | £000's | For the year to 29.2.2024 £000's |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | 78,710 | | 65,622 |
| Amounts receivable on issue of units | 1,712 | | 11,371 | |
| In-Specie transfer | (67,980) | | – | |
| Amounts payable on cancellation of units | (12,726) | | (8,325) | |
| | | (78,994) | | 3,046 |
| Change in net assets attributable to unitholders from investment activities | | 255 | | 8,669 |
| Retained distribution on accumulation units | | 37 | | 1,373 |
| Amounts payable on termination | | (8) | | – |
| **Closing net assets attributable to unitholders** | | **–** | | **78,710** |

# BlackRock Volatility Strategy Fund IV

## Balance Sheet

at 28 February 2025

| | Notes | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|---|
| **Assets:** | | | |
| Fixed assets | | | |
| – Investment assets | | – | 77,124 |
| Current assets | | | |
| – Debtors | 8 | 6 | 290 |
| – Cash and bank balances | | 16 | 12 |
| – Cash equivalents | 9 | – | 1,475 |
| **Total assets** | | **22** | **78,901** |
| **Liabilities:** | | | |
| Investment liabilities | | – | (38) |
| Creditors | | | |
| – Other creditors | 10 | (22) | (153) |
| **Total liabilities** | | **(22)** | **(191)** |
| **Net assets attributable to unitholders** | | **–** | **78,710** |

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 May 2025

# Notes to Financial Statements

for the year ended 28 February 2025

## 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 18 to 20.

## 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 21 to 37.

## 3. Net Capital Gains

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| The net capital gains comprise: | | |
| Gains on non-derivative securities | 172 | 8,146 |
| Gains on derivative securities | 79 | 545 |
| Currency losses | – | (18) |
| Custodian transaction costs | (3) | (5) |
| Custodian transaction costs rebate | 1 | 1 |
| **Net capital gains** | **249** | **8,669** |

Net gains (excluding Manager's charge rebates and transaction costs) listed above of £251,000 comprise net realised gains of £16,496,000 and net unrealised losses of £(16,245,000) (29 February 2024: £8,673,000 comprising net realised gains of £1,008,000 and net unrealised gains of £7,665,000). Certain realised gains and losses in the current year were unrealised in the prior year.

## 4. Revenue

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Equity distributions on CIS holdings | 666 | 1,396 |
| Interest distributions on CIS holdings | 26 | 25 |
| Interest from UK bank deposits | 1 | 1 |
| Revenue from short-term money market funds | 9 | 76 |
| **Total revenue** | **702** | **1,498** |

## Notes to Financial Statements continued

### 5. Expenses

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Payable to the Manager or associates of the Manager: | | |
| – Annual Management charge | 22 | 151 |
| – Expense rebate due from the Manager[1] | (5) | (25) |
| | 17 | 126 |
| Other expenses: | | |
| – Audit fee | – | 17 |
| – Closure expenses | – | 5 |
| – Legal and other professional fees | 1 | – |
| – Trustee's fees | 1 | 4 |
| | 2 | 26 |
| **Total expenses** | **19** | **152** |

[1] The Fund receives rebates from the Manager to ensure that the Operating Charge does not exceed 0.22% and 0.37% for C class units and E class units respectively.

### 6. Taxation

#### (a) Analysis of tax charge

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Irrecoverable UK Income tax | 3 | 2 |
| **Total tax charge [see note 6(b)]** | **3** | **2** |

## Notes to Financial Statements continued

### 6. Taxation continued

**(b) Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Net revenue before taxation | 683 | 1,346 |
| Corporation tax at 20% (29 February 2024: 20%) | 137 | 269 |
| Effects of: | | |
| Excess expenses for which no tax relief taken | – | 1 |
| Irrecoverable UK Income tax | 3 | 2 |
| Movement in unrecognised excess management expenses | (4) | 9 |
| Revenue not subject to tax | (133) | (279) |
| **Total tax charge [see note 6(a)]** | **3** | **2** |

At 28 February 2025, the Fund had surplus management expenses of £252,000 (29 February 2024: £270,000.) It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, a deferred tax asset of £50,000 (29 February 2024: £54,000) has not been recognised.

### 7. Distributions

| | For the year to 28.2.2025 £000's | For the year to 29.2.2024 £000's |
|---|---|---|
| Interim distribution | 37 | 493 |
| Final distribution | – | 880 |
| | 37 | 1,373 |
| Add: Amounts deducted on cancellation of units | 118 | 88 |
| Equalisation on In-Specie transfer | 533 | – |
| Less: Amounts received on issue of units | (14) | (117) |
| **Distributions** | **674** | **1,344** |
| The distributable amount has been calculated as follows: | | |
| Net revenue after taxation | 680 | 1,344 |
| Less: Movement in revenue post final distribution | (6) | - |
| **Distributions** | **674** | **1,344** |

Details of the interim and final distributions per unit are set out in the tables on page 204.

# Notes to Financial Statements continued

## 8. Debtors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued revenue | 2 | 6 |
| Amounts receivable for issue of units | – | 238 |
| Expense rebate due from the Manager | – | 42 |
| Income tax recoverable | 4 | 4 |
| **Total debtors** | **6** | **290** |

## 9. Cash Equivalents

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Investment in short-term money market funds | – | 1,475 |
| **Total cash equivalents** | **–** | **1,475** |

## 10. Other Creditors

| | 28.2.2025 £000's | 29.2.2024 £000's |
|---|---|---|
| Accrued Annual Management charge | – | 52 |
| Accrued Audit fee | 8 | 16 |
| Accrued Closure expenses | 5 | 5 |
| Accrued Trustee's fee | – | 5 |
| Amounts payable for cancellation of units | – | 74 |
| Custodian transaction costs | 1 | 1 |
| Amounts payable on termination | 8 | – |
| **Total other creditors** | **22** | **153** |

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2024: £Nil).

## 12. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 19 April 2024. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.


NM9625U-4588099-211/226

## Notes to Financial Statements continued

### 13. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following entities were related parties of the Fund during the year ended 28 February 2025:

| | |
|---|---|
| Manager/Registrar: | BlackRock Fund Managers Limited |
| Investment Manager: | BlackRock Investment Management (UK) Limited |

The ultimate holding company of the Manager, Registrar and Investment Manager is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 10. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 10.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

The Fund may invest in other Collective Investment Schemes ("CIS"), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not

# Notes to Financial Statements continued

## 13. Related Parties continued

be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2025, none of the unitholders and 29 February 2024 the following unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

| Total % of units held by Affiliated Funds | Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds | Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds |
|---|---|---|
| Nil | 1 | 91% |

## 14. Portfolio Transaction Costs

For the year ended 28 February 2025

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 810 | – | – | – | – |
| **Total purchases** | **810** | **–** | | **–** | |
| **Total purchases including transaction costs** | **810** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 11,931 | – | – | – | – |
| In-Specie | 66,795 | – | – | – | – |
| **Total sales** | **78,726** | **–** | | **–** | |
| **Total sales net of transaction costs** | **78,726** | | | | |
| **Total transaction costs** | | **–** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |


NM0625U-4588099-213/226

# Notes to Financial Statements continued

## 14. Portfolio Transaction Costs continued

For the year ended 29 February 2024

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Purchases (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 8,170 | – | – | – | – |
| **Total purchases** | **8,170** | **–** | | **–** | |
| **Total purchases including transaction costs** | **8,170** | | | | |

| | | Direct Transaction Costs | | | |
|---|---|---|---|---|---|
| Sales (excluding derivatives) | Transaction Value £000's | Commissions £000's | % | Taxes £000's | % |
| Collective investment schemes | 4,420 | – | – | – | – |
| **Total sales** | **4,420** | **–** | | **–** | |
| **Total sales net of transaction costs** | **4,420** | | | | |
| **Total transaction costs** | | **–** | | **–** | |
| **Total transaction costs as a % of average net assets** | | **0.00%** | | **0.00%** | |

The above analysis covers any direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.00% (29 February 2024: 0.00%).

# Notes to Financial Statements continued

## 15. Units in Issue

The movement in units in issue for the year ended 28 February 2025 is as follows:

| | C Accumulation Units[1] | E Accumulation Units |
|---|---|---|
| Balance at the beginning of the year | 34,470,123 | 3,293,086 |
| Issued during the year | 283,322 | 525,104 |
| Cancelled during the year | (34,753,445) | (3,818,190) |
| **Balance at the end of the year** | **–** | **–** |

[1] C Accumulation units closed on 14 May 2024.

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

## 16. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 2025.


NM0625U-4588099-215/226

# Statement of Manager's and Trustee's Responsibilities

The Manager is required by the terms of the Trust Deed to prepare the financial statements for each financial year. These financial statements must be prepared in accordance with generally accepted accounting standards in the United Kingdom to give a true and fair view of the state of affairs of the Trust at the year end and of the net revenue and net gains for the year. In preparing these financial statements the Manager is required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation. For the reasons stated in Note 1(a) the financial statements of the BlackRock Volatility Strategy Fund I, BlackRock Volatility Strategy Fund II, BlackRock Volatility Strategy Fund III and the BlackRock Volatility Strategy Fund IV have not been prepared on a going concern basis.

The financial statements should comply with the disclosure requirements of the Statement of Recommended Practice (the "SORP") for Authorised Funds issued by the Investment Management Association (subsequently The Investment Association) and must comply with any relevant provisions of the Trust Deed.

The Manager is responsible for keeping such accounting records as are necessary to enable it to ensure that the financial statements comply with the Financial Conduct Authority's ("FCA") Collective Investment Schemes Sourcebook ("the Sourcebook"), the SORP and the Trust Deed.

The Trustee acts as the depositary of the Funds and, in doing so, shall comply with the terms of the Scheme and the provisions of the AIFMD (which means, collectively, Directive 2011/61/EU, as implemented by Commission Delegated Regulation (EU) No. 231/2013, and as transposed by UK SI 2013/1773 and any other applicable national implementing measures in the UK including, without limitation, the rules contained in the FCA handbook of rules and guidance, each as may be amended or updated from time to time).

The Trustee is responsible for the safekeeping of all the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed in accordance with the Sourcebook, the FCA Investment Funds Sourcebook ("FUND"), the Trust's Trust Deed and Prospectus, in relation to the pricing of, and dealings in, units in the Trust; the application of revenue of the Scheme; and the investment and borrowing powers of the Trust.

# Report of the Trustee

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's revenue in accordance with the Sourcebook, FUND, the Trust Deed and Prospectus, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust.

The Bank of New York Mellon
(International) Limited

London
30 May 2025

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## Independent Auditor's Report to the Unitholders of BlackRock Non-UCITS Retail Funds

### Opinion

We have audited the financial statements of BlackRock Non-UCITS Retail Funds ("the Trust"), comprising each of its Funds for the year ended 28 February 2025, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables for each of the Trust's Funds, and the Accounting and Distribution Policies and Financial Instruments and Risks of the Trust, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust comprising each of its Funds as at 28 February 2025 and of the net revenue and the net capital gains on the scheme property of the Trust comprising each of its Funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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NM0625U-4588099-217/226

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**Emphasis of matter - financial statements for the BlackRock Volatility Strategy Fund I, BlackRock Volatility Strategy Fund II, BlackRock Volatility Strategy Fund III and BlackRock Volatility Strategy Fund IV prepared on a break-up basis**

We draw attention to Note 1(a) of the financial statements which explains that the Manager closed the BlackRock Volatility Strategy Fund I, BlackRock Volatility Strategy Fund II, BlackRock Volatility Strategy Fund III and BlackRock Volatility Strategy Fund IV on 7 November 2024 and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements for these Funds only, have been prepared on a break-up basis as described in Note 1(a). Our opinion is not modified in respect of this matter.

**Conclusions relating to going concern**

The financial statements for the BlackRock Volatility Strategy Fund I, BlackRock Volatility Strategy Fund II, BlackRock Volatility Strategy Fund III and BlackRock Volatility Strategy Fund IV have been prepared on a break-up basis as disclosed in Note 1(a).

In auditing the financial statements of the remaining Funds, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the remaining Funds' ability to continue as a going concern for a period assessed by the Manager, which is one year from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the remaining Funds' ability to continue as a going concern.

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## Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor' report thereon. The Manager is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the "FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Trust Deed; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

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NM0625U-4588099-219/226
BlackRock Non-UCITS Retail Funds 218

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**Responsibilities of the Manager**

As explained more fully in the Manager's responsibilities statement set out on page 215, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Trust or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Trust's Deed and the Prospectus.
- We understood how the Trust is complying with those frameworks through discussions with the Manager and the Trust's administrators and a review of the Trust's documented policies and procedures.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Trust.
- Due to the regulated nature of the Trust, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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**Use of our report**

This report is made solely to the Trust's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor

Edinburgh
30 May 2025

A member firm of Ernst & Young Global Limited

# Supplementary Information

## Efficient Portfolio Management Techniques

The Manager may, on behalf of certain Funds 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 Funds may employ other techniques and instruments relating to transferable securities and money market instruments, subject to the conditions set out in the Trust's Prospectus, as amended from time to time, and the ESMA Guidelines (as adopted by the FCA), such as repurchase / reverse repurchase transactions ("repo transactions") and securities lending.

## Securities Lending

The following table details the value of securities on loan as a proportion of the Funds' total lendable assets and NAV as at 28 February 2025. Total lendable assets represents the aggregate value of assets forming part of the Funds' securities lending programme. This excludes any assets held by the Funds that are not considered lendable due to any market, regulatory, investment or other restriction.

| | Securities on loan | |
|---|---|---|
| Fund | % of lendable assets | % of NAV |
| BlackRock UK Managed Volatility Fund I | 8.48 | 1.85 |

Only the BlackRock UK Managed Volatility Fund I had securities on loan and related collateral outstanding as at 28 February 2025.

If there is securities lending revenue generated, the securities lending agent will receive a fee of 37.5% of such securities lending revenue and will pay any third party operational and administrative costs associated with, and incurred in respect of, such activity, out of its fee. Income earned during the year by the Funds from securities lending transactions is disclosed in the notes to the financial statements.

The value of securities on loan and associated collateral analysed by counterparty, as at 28 February 2025, is disclosed in the notes to the financial statements.

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

## Collateral

The BlackRock UK Managed Volatility Fund I, BlackRock UK Managed Volatility Fund II and BlackRock UK Managed Volatility Fund III engage 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 cash and underlying non-cash collateral received by way of title transfer collateral arrangement by the Funds, in respect of securities lending transactions, as at 28 February 2025.

| Currency | Cash collateral received | Cash collateral posted | Non-cash collateral received | Non-cash collateral posted |
|---|---|---|---|---|
| **BlackRock UK Managed Volatility Fund I** | **£000's** | **£000's** | **£000's** | **£000's** |
| **Securities lending transactions** | | | | |
| JPY | – | – | 359 | – |
| USD | – | – | 240 | – |
| **Total** | **–** | **–** | **599** | **–** |

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions can be sold, re-invested or pledged.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received/posted by the Funds by way of title transfer collateral arrangement in respect of securities lending transactions as at 28 February 2025.

| | Maturity Tenor | | | | | | |
|---|---|---|---|---|---|---|---|
| Fund | 1 - 7 days | 8 - 30 days | 31 - 90 days | 91 - 365 days | More than 365 days | Open transactions | Total |
| **BlackRock UK Managed Volatility Fund I** | **£000's** | **£000's** | **£000's** | **£000's** | **£000's** | **£000's** | **£000's** |
| ***Collateral received - securities lending*** | | | | | | | |
| **Equities** | | | | | | | |
| Recognised equity index | – | – | – | – | – | 539 | **539** |
| **ETFs** | | | | | | | |
| Non-UCITS | – | – | – | – | – | 60 | **60** |
| **Total** | **–** | **–** | **–** | **–** | **–** | **599** | **599** |

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 28 February 2025, 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).

# Supplementary Information continued

The following table lists the top ten issuers (or all the issuers if less than ten) of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions as at 28 February 2025.

| Fund | Value | % of the Fund's NAV |
|---|---|---|
| **BlackRock UK Managed Volatility Fund I** | **£000's** | |
| Alphabet Inc | 119 | 0.41 |
| Broadcom Inc | 60 | 0.21 |
| Shin-Etsu Chemical Co Ltd | 60 | 0.21 |
| SPDR S&P 500 ETF Trust | 60 | 0.21 |
| Sony Group Corp | 60 | 0.21 |
| Toyota Motor Corp | 60 | 0.20 |
| SoftBank Group Corp | 60 | 0.20 |
| Tokyo Electron Ltd | 60 | 0.20 |
| Nintendo Co Ltd | 60 | 0.20 |
| Tesla Inc | - | 0.00 |
| **Total** | **599** | **2.05** |

# About us

BlackRock is a premier provider of asset management, risk management, and advisory services to institutional, intermediary, and individual clients worldwide. As of 31 March 2025, the firm manages £8.95 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 proprietarily-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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