BlackRock

Annual report and audited financial statements

BlackRock UK Absolute Alpha Fund

For the financial year ended 28 February 2025

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General Information

Manager & Registrar

BlackRock Fund Managers Limited
12 Throgmorton Avenue, London EC2N 2DL

Member of The Investment Association and authorised and regulated by the Financial Conduct Authority ("FCA").

Directors of the Manager

G D Bamping*
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
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For your protection, telephone calls are usually recorded.

* Non-executive Director.

About the Fund

BlackRock UK Absolute Alpha Fund (the "Fund") is a UK UCITS scheme under the COLL Sourcebook. The Fund was established on 25 April 2005 and was authorised by the FCA on 29 April 2005. The Fund's FCA product reference number is 429038.

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 Managers

As at 28 February 2025, the Fund Managers were Oliver Dixon and Dan Whitestone.

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.

Subsequent Events

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.

Risk and Reward Profile

Unit Class	Lower risk Typically lower rewards						Higher risk Typically higher rewards
A Income	1	2	3	**4**	5	6	7
A Accumulation	1	2	3	**4**	5	6	7
P Accumulation	1	2	3	**4**	5	6	7
D Accumulation	1	2	3	**4**	5	6	7
S Income	1	2	3	**4**	5	6	7
S Accumulation	1	2	3	**4**	5	6	7

- The risk indicator was calculated incorporating historical or simulated historical data and may not be a reliable indication of the future risk profile of the Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest category does not mean risk free.
- The use of derivatives will impact the value of the Fund and may expose the Fund to a higher degree of risk. Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains, resulting in greater fluctuations in the value of the Fund. The impact to the Fund can be greater where derivatives are used in an extensive or complex way.

For more information on this, please see the Fund's Key Investor Information Documents ("KIIDs"), which are available at www.blackrock.com.

Investment Manager's Report
for the year ended 28 February 2025

Investment Objective
The aim of the Fund is to provide a positive absolute return on your investment (i.e. an increase in the overall value of the Fund) (gross of fees) over any 12 month period regardless of market conditions.

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

Performance Summary
The following table compares the Fund's realised performance against the performance of the comparator benchmark during the financial year ended 28 February 2025.

	Fund return %	Comparator benchmark %
Class D Accumulation Units	6.62	5.22

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

- Fund returns shown, calculated net of fees, are the performance returns for the primary unit class of the Fund which has been selected as a representative unit class. The primary unit class represents the class of unit which is the highest charging unit class, free of any commissions or rebates, and is freely available. Performance returns for any other unit class can be made available on request.
- Fund returns are based on the NAV per unit as at close of business for reporting purposes only, for the purpose of fair comparison and presentation with the comparator benchmark close of business valuation point.
- Due to the Financial Reporting Standard 102 ("FRS 102") and the Statement of Recommended Practice for Authorised Funds ("SORP") requirements, including the accounting policy for the valuation point at 12 noon, there may be differences between the NAV per unit as recorded in the financial statements and the NAV per unit calculated in accordance with the Prospectus.

All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and the return of your initial investment amount cannot be guaranteed. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

Global Economic Overview
Global equities, as represented by the MSCI All Country World Index, 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.

Investment Manager's Report continued

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.

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

Over the financial year to 28 February 2025, the Fund's performance return was 6.62%, outperforming its comparator benchmark which returned 5.22%.

In early 2024, US equities saw strong growth driven by the dominance of the Magnificent 7 stocks (a group of seven influential US technology companies that have significantly contributed to market returns) and artificial intelligence beneficiaries, despite rate cuts being pushed out due to stickier inflation data. However, the second half of 2024 saw muted overall performance despite some intra-month volatility around key events such as the interest rate hikes by the Bank of Japan, interest rate cuts by the Bank of England, the Federal Reserve and the European Central Bank and the US presidential elections. Outperformance of US market versus the non-US markets that was seen around the US presidential elections has now largely been unwound in 2025 year to date, with the US underperforming on the back of US trade tariffs and inflation concerns re-igniting. Conversely, Europe has outperformed, with the region benefitting from increased defence spending and a move towards pro-growth policies, with Germany and the UK in the lead.

The Fund outperformed its comparator benchmark for the financial year, driven by its exposure to UK large-caps, and in particular to some key stock-specific contributors in 3i Group, London Stock Exchange and Compass, who have managed to deliver continued compounding growth throughout the financial year. Financials was the largest sector contributor to performance, as rate cuts were pushed out further than originally expected and the sector benefitted broadly as a result.

During the financial year, the following were the largest contributors to and detractors from the Fund's absolute return:

Largest Contributors		Largest Detractors	
Sector	Effect on Fund return	Sector	Effect on Fund return
Financials	3.09%	Real Estate	(0.92%)
Technology	1.48%	Health Care	(0.38%)
Consumer Discretionary	1.32%	Utilities	(0.06%)
Industrials	1.25%		-
Consumer Staples	0.55%		-

Great Portland Estates was the largest detractor from performance, as shares fell heavily along with the broader UK listed real estate sector on renewed concerns for the outlook of the UK economy following the Budget announcement in late-October. However, the company continues to deliver good performance with recent trading statement highlighting resilient lettings performance, and rents 7% ahead of estimated rental value ("ERV"). The Investment Manager have added to this position as they see significant upside.

3i Group was the largest contributor to performance, driven by performance of Dutch discount retailer, Action. The retailer continued to trade well through 2024, with fourth quarter results seeing like-for-like sales growth of +11.5% and full-year like-for-like growth +10.3%. 352 new stores were opened in 2024 demonstrating that Action can manage the acceleration in growth required from new markets thereby exceeding market expectations.

The following table details the significant portfolio weightings at 28 February 2025 and 29 February 2024:

28 February 2025		29 February 2024	
Sector	**Gross Exposure**	**Sector**	**Gross Exposure**
CRH Plc	2.35%	RELX Plc	6.92%
Rotork Plc	2.27%	Compass Group Plc	5.92%
London Stock Exchange Group	2.27%	AstraZeneca Plc	5.32%
Breedon Group Plc	2.21%	Shell Plc	4.94%
RELX Plc	2.14%	Pearson Plc	3.84%

In early 2024, the lead portfolio-manager Nigel Ridge informed BlackRock of his intention to retire from the firm. Nigel stepped off the UK Absolute Alpha Fund as portfolio manager and Dan Whitestone and Oliver Dixon were added to the Fund as portfolio managers on 1st May 2024. Oliver Dixon was one of the three individuals already working on the portfolio management of the Fund and in his continued capacity as co-PM has provided continuity to clients. This led to a change in the composition of the portfolio throughout 2024, as Dan Whitestone and his team have implemented their style of portfolio construction. Key changes included moderating large portfolio positions, as the team prefers smaller position sizes, as well as reducing the number of index shorts in favour of individual stock picking. The team have also introduced exposure to small and mid-cap companies where the previous team did not have the same expertise. This led to increased turnover for 2024, which has now settled in 2025.

Outlook

In 2025, markets continue to be shaped by volatility and dispersion. The full impact of President Trump's trade policies remains uncertain, questions persist around the outlook for the British pound and UK domestic assets, and the situation in China is still evolving. One key lesson from 2024 however is how quickly markets will form strong views based on jobs data or inflation prints before later quickly forming the opposite.

In the face of this volatility, the Investment Manager has structured the Fund accordingly; not trying to predict every move in markets, but keeping exposure balanced across sectors while retaining conviction in the top holdings. The Investment Manager is examining company positioning, industry competitive dynamics and consumer demand trends; trying to stay on top of the micro to gauge who is most exposed to macro weakness, where fears are overblown or where there may be company-specific problems. The Investment Manager remains focused on stock specifics in both the long and short book, which has historically been the primary driver of Fund returns.

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Performance Record

Comparative Table

	A Income Units			A Accumulation Units		
	For the year to 28.2.2025	For the year to 29.2.2024	For the year to 28.2.2023	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	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	181.6	169.9	160.6	190.2	178.0	168.2
Return before operating charges	14.33	15.06	12.50	15.07	15.77	13.14
Operating charges	(3.66)	(3.39)	(3.21)	(3.85)	(3.55)	(3.36)
Return after operating charges	10.67	11.67	9.29	11.22	12.22	9.78
Distributions	(3.08)	0.00	0.00	(3.23)	0.00	0.00
Retained distributions on accumulation units	N/A	N/A	N/A	3.23	N/A	N/A
Closing net asset value per unit	189.2	181.6	169.9	201.4	190.2	178.0
After direct transaction costs of	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Performance						
Return after charges[1]	5.88%	6.87%	5.78%	5.90%	6.87%	5.81%
Other information						
Closing net asset value (£000's)	38	36	34	123	251	343
Closing number of units	20,059	20,059	20,059	61,005	131,816	192,602
Operating charges[2]	1.93%	1.92%	1.92%	1.93%	1.92%	1.92%
Direct transaction costs[3]	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	204.9	191.3	179.4	216.7	200.4	188.0
Lowest bid unit price	181.6	168.4	157.1	190.3	176.5	164.6

[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 close of business prices.

[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 equity instruments. See note 15 for further details.

Performance Record continued

Comparative Table continued

	P Accumulation Units			D Accumulation Units		
	For the year to 28.2.2025	For the year to 29.2.2024	For the year to 28.2.2023	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	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	163.8	153.4	145.8	178.8	166.5	157.3
Return before operating charges	12.68	13.03	10.10	13.68	13.89	10.66
Operating charges	(2.86)	(2.66)	(2.52)	(1.73)	(1.59)	(1.50)
Return after operating charges	9.82	10.37	7.58	11.95	12.30	9.16
Distributions	(2.86)	0.00	0.00	(4.31)	0.00	0.00
Retained distributions on accumulation units	2.86	N/A	N/A	4.31	N/A	N/A
Closing net asset value per unit	173.6	163.8	153.4	190.8	178.8	166.5
After direct transaction costs of	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Performance						
Return after charges[1]	6.00%	6.76%	5.20%	6.68%	7.39%	5.82%
Other information						
Closing net asset value (£000's)	42,338	40,766	44,524	54,590	60,253	68,906
Closing number of units	24,385,621	24,892,878	29,029,220	28,618,909	33,699,272	41,395,485
Operating charges[2]	1.67%	1.67%	1.67%	0.92%	0.92%	0.92%
Direct transaction costs[3]	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Performance fee[4]	0.21%	0.45%	0.77%	0.40%	0.49%	0.76%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	185.4	172.2	161.6	193.7	179.0	166.8
Lowest bid unit price	163.7	152.1	142.7	178.7	165.1	154.0

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 close of business prices.

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 equity instruments. See note 15 for further details.

4 Performance fee is payable to the Manager which is determined as per the calculation methodology outlined in the Prospectus or upon redemption, in respect of Class P Accumulation, D Accumulation, S Income and S Accumulation units with regards to any outperformance. No performance fee is payable in respect of A Income and A Accumulation units.

Performance Record continued

Comparative Table continued

	S Income Units			S Accumulation Units		
	For the year to 28.2.2025	For the year to 29.2.2024	For the year to 28.2.2023	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	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	129.5	120.4	113.7	131.0	121.7	115.0
Return before operating charges	9.82	9.98	7.70	9.84	10.12	7.74
Operating charges	(0.92)	(0.85)	(1.00)	(0.92)	(0.85)	(1.00)
Return after operating charges	8.90	9.13	6.70	8.92	9.27	6.74
Distributions	(3.33)	0.00	0.00	(3.36)	0.00	0.00
Retained distributions on accumulation units	N/A	N/A	N/A	3.36	N/A	N/A
Closing net asset value per unit	135.1	129.5	120.4	139.9	131.0	121.7
After direct transaction costs of	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Performance						
Return after charges[1]	6.87%	7.58%	5.89%	6.81%	7.62%	5.86%
Other information						
Closing net asset value (£000's)	506	559	1,361	28,658	26,843	24,081
Closing number of units	374,772	431,424	1,130,335	20,482,399	20,495,112	19,780,750
Operating charges[2]	0.68%	0.68%	0.85%	0.67%	0.67%	0.84%
Direct transaction costs[3]	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Performance fee[4]	0.50%	0.84%	1.25%	0.44%	0.60%	0.95%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	146.3	136.2	126.7	149.2	137.7	128.1
Lowest bid unit price	129.5	119.4	111.3	130.9	120.8	112.6

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 close of business prices.

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 equity instruments. See note 15 for further details.

4 Performance fee is payable to the Manager which is determined as per the calculation methodology outlined in the Prospectus or upon redemption, in respect of Class P Accumulation, D Accumulation, S Income and S Accumulation units with regards to any outperformance. No performance fee is payable in respect of A Income and A Accumulation units.

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

	A Income Units		A Accumulation Units		P Accumulation Units		D Accumulation Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	1.2868	1.2868	1.3599	0.4867	2.1045	1.5038	2.9325	1.8065
Equalisation†	–	0.0000	–	0.8732	–	0.6007	–	1.1260
Distribution paid 30.4.2025	**1.2868**	**1.2868**	**1.3599**	**1.3599**	**2.1045**	**2.1045**	**2.9325**	**2.9325**
Distribution paid 30.4.2024	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**

	S Income Units		S Accumulation Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	2.1847	0.5714	2.1966	1.4770
Equalisation†	–	1.6133	–	0.7196
Distribution paid 30.4.2025	**2.1847**	**2.1847**	**2.1966**	**2.1966**
Distribution paid 30.4.2024	**0.0000**	**0.0000**	**0.0000**	**0.0000**

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

	A Income Units		A Accumulation Units		P Accumulation Units		D Accumulation Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	1.7974	1.7974	1.8688	1.8688	0.7532	0.7532	1.3809	1.3809
Equalisation†	–	0.0000	–	0.0000	–	0.0000	–	0.0000
Distribution paid 31.10.2024	**1.7974**	**1.7974**	**1.8688**	**1.8688**	**0.7532**	**0.7532**	**1.3809**	**1.3809**
Distribution paid 31.10.2023	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**

	S Income Units		S Accumulation Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	1.1415	1.1415	1.1606	1.1606
Equalisation†	–	0.0000	–	0.0000
Distribution paid 31.10.2024	**1.1415**	**1.1415**	**1.1606**	**1.1606**
Distribution paid 31.10.2023	**0.0000**	**0.0000**	**0.0000**	**0.0000**

† 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.

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 "ManCo"). The disclosures are made in accordance with the provisions in the UK implementation of Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("UCITS"), as amended, including in particular by Directive 2014/91/EU of the European Parliament and of the council of 23 July 2014, (the "Directive"), the "Guidelines on sound remuneration policies under the UCITS Directive and AIFMD" issued by the European Securities and Markets Authority, the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2018, the Financial Conduct Authority ("FCA") Handbook SYSC 19E: The UCITS Remuneration Code (the "UCITS Remuneration Code"), and COLL 4.5.7 R(7).

BlackRock's UCITS Remuneration Policy (the "UCITS Remuneration Policy") will apply to the EEA entities within the BlackRock group authorised as a ManCo of UCITS funds in accordance with the Directive, and will ensure compliance with the requirements of Article 14b of the Directive and to UK entities within the BlackRock group authorised as a ManCo of a UK UCITS fund in accordance with UCITS as implemented, retained and onshored in the UK.

The ManCo has adopted the UCITS 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 ManCo's board of directors (the "ManCo'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 ManCo's Board. The most recent review found no material issues. The remuneration disclosure is produced and owned by the MDCC and the ManCo'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 ManCo's Board

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

The responsibilities of the supervisory function include:

- approve, maintain and oversee the implementation of the UCITS Remuneration Policy;
- determine and oversee the remuneration of the members of the management body, provided that insofar the relevant ManCo 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 UCITS 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 UCITS 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.

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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 ManCo.

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.

Report on Remuneration continued

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 that good outcomes are delivered for retail customers and 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 ManCo, the funds managed by the ManCo 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.

[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).

Report on Remuneration continued

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 ManCo or the funds it manages:

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

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 ManCo is required under the Directive 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 Fund level is not readily available. Disclosures are provided in relation to (a) the staff of the ManCo; (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 ManCo is included in the aggregate figures disclosed.

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

The amount of the total remuneration awarded to the ManCo's staff in respect of the ManCo'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 ManCo in respect of the ManCo'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 ManCo or its funds was USD 16.4 million.

Portfolio Statement

at 28 February 2025

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
EQUITIES − 0.88%; 29.2.2024 1.27%			
BERMUDA − 0.00%; 29.2.2024 0.96%			
Insurance − 0.00%; 29.2.2024 0.96%			
GUERNSEY − 0.16%; 29.2.2024 0.04%			
Private Equity − 0.16%; 29.2.2024 0.04%			
1,191,363	Better Capital[1]	**202**	**0.16**
UNITED KINGDOM − 0.00%; 29.2.2024 0.27%			
Internet − 0.00%; 29.2.2024 0.27%			
UNITED STATES OF AMERICA − 0.72%; 29.2.2024 0.00%			
Software − 0.72%; 29.2.2024 0.00%			
581,764	Boku, Inc.	**908**	**0.72**
BONDS − 60.67%; 29.2.2024 60.89%			
UK Sterling Denominated ECP Bonds − 60.67%; 29.2.2024 60.89%			
£3,000,000	Albion Capital S 0% 20/3/2025	2,992	2.37
£4,000,000	Allianz SE 0% 28/5/2025	3,956	3.13
£6,000,000	Antalis SA 0% 21/3/2025	5,984	4.74
£1,000,000	Ing Bank 0% 10/12/2025	966	0.76
£6,000,000	Managed And Enhanced Tap Mage 0% 2/5/2025	5,953	4.72
£3,000,000	Matchpoint Finance Public, Ltd. 0% 12/3/2025	2,995	2.37
£3,000,000	Matchpoint Finance Public, Ltd. 0% 24/3/2025	2,991	2.37
£4,000,000	Mont Blanc Capital Corp. 0% 17/3/2025	3,991	3.16
£1,000,000	Mont Blanc Capital Corp. 0% 20/5/2025	990	0.78
£6,000,000	Nieuw Amsterdam Receivables 0% 10/3/2025	5,992	4.75
£6,000,000	Omers Finance Trust 0% 10/3/2025	5,992	4.75
£4,000,000	Paccar Financial Europe 0% 12/3/2025	3,994	3.16
£2,000,000	Paccar Financial Europe 0% 3/4/2025	1,991	1.58
£3,000,000	Psp Capital, Inc. 0% 6/8/2025	2,942	2.33
£5,000,000	Satellite 0% 28/3/2025	4,982	3.95
£6,000,000	Sumitomo Mitsui Banking Corp. 0% 7/4/2025	5,971	4.73
£3,000,000	Sunderland Receivables S.A. 0% 8/4/2025	2,985	2.36
£5,000,000	Sunderland Receivables SA 0% 23/4/2025	4,966	3.93
£1,000,000	Svenska Handelbanken 0% 6/8/2025	980	0.78
£5,000,000	Toyota Motor Finance 0% 20/3/2025	4,987	3.95
		76,600	**60.67**
Certificate of deposits − 29.83%; 29.2.2024 27.04%			
£1,000,000	Bank Of America National Assoc 0% Certificate of Deposit 21/7/2025	982	0.78
£1,000,000	Commonwealth Bank 0% Certificate of Deposit 6/2/2026	960	0.76
£5,000,000	Euroclear Bank SA/NV 0% Certificate of Deposit 6/5/2025	4,958	3.92
£5,000,000	Mizuho Bank, Ltd. 0% Certificate of Deposit 6/5/2025	4,958	3.93
£3,000,000	Mufg Bank, Ltd. 0% Certificate of Deposit 9/4/2025	2,985	2.36
£3,000,000	Nat Australia Bk 0% Certificate of Deposit 7/8/2025	2,942	2.33
£4,000,000	Nationwide Building Society 4.45% Certificate of Deposit 5/3/2025	4,000	3.17
£3,000,000	Natwest Markets PLC 0% Certificate of Deposit 2/5/2025	2,976	2.36
£1,000,000	Nordea Bank AB 0% Certificate of Deposit 6/2/2026	959	0.76
£5,000,000	Scandinaviska Enskilda Bk 4.52% Certificate of Deposit 2/9/2025	5,000	3.96
£1,000,000	Skandinaviska Enskilda 4.54% Certificate of Deposit 7/7/2025	1,000	0.79
£6,000,000	Sumitomo Mitsui Banking Corp. 0% Certificate of Deposit 7/5/2025	5,948	4.71
		37,668	**29.83**
COLLECTIVE INVESTMENT SCHEMES − 7.14%; 29.2.2024 9.57%			
Short-term Money Market Funds − 7.14%; 29.2.2024 9.57%			
90,166	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class†	**9,017**	**7.14**

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
DERIVATIVES – (2.38%); 29.2.2024 0.03%				
UK Sterling – (1.25%); 29.2.2024 0.25%				
CFDs Short – 0.74%; 29.2.2024 (0.33%)				
Advertising – 0.07%; 29.2.2024 0.00%				
(64,048)	WPP PLC	**408**	**88**	**0.07**
Aerospace & Defence – 0.00%; 29.2.2024 (0.16%)				
Airlines – 0.00%; 29.2.2024 (0.03%)				
Beverages – 0.02%; 29.2.2024 (0.12%)				
(22,172)	Diageo PLC	480	7	0.01
(32,791)	Fevertree Drinks PLC	222	11	0.01
		702	**18**	**0.02**
Chemicals – (0.02%); 29.2.2024 0.07%				
(12,430)	Croda International PLC	**412**	**(20)**	**(0.02)**
Commercial Services – 0.07%; 29.2.2024 (0.06%)				
(12,663)	Ashtead Group PLC	607	35	0.03
(15,255)	Intertek Group PLC	786	(8)	(0.01)
(85,674)	Mears Group PLC	316	(2)	0.00
(452,129)	Mitie Group PLC	524	18	0.01
(135,381)	Rentokil Initial PLC	534	7	0.01
(37,483)	Wise PLC	371	36	0.03
		3,138	**86**	**0.07**
Computers – 0.23%; 29.2.2024 0.00%				
(143,995)	Bytes Technology Group PLC	612	69	0.06
(80,592)	Kainos Group PLC	570	67	0.05
(87,292)	Raspberry PI Holdings PLC	522	121	0.10
(293,454)	Serco Group PLC	484	(8)	(0.01)
(40,819)	Softcat PLC	623	40	0.03
		2,811	**289**	**0.23**
Cosmetics & Personal Care – (0.02%); 29.2.2024 0.02%				
(138,096)	Haleon PLC	551	(17)	(0.01)
(16,269)	Unilever PLC	725	(12)	(0.01)
		1,276	**(29)**	**(0.02)**
Distribution & Wholesale – (0.01%); 29.2.2024 0.03%				
(80,464)	Inchcape PLC	**546**	**(11)**	**(0.01)**
Diversified Financial Services – 0.03%; 29.2.2024 0.09%				
(468,160)	abrdn PLC	739	(1)	0.00
(348,919)	Ninety One PLC	492	35	0.02
(205,189)	Schroders PLC	761	10	0.01
		1,992	**44**	**0.03**
Electronics – 0.04%; 29.2.2024 0.00%				
(21,880)	Spectris PLC	**627**	**45**	**0.04**

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure − Derivatives £000's	Market Value £000's	% of Total Net Assets
Food Producers − 0.03%; 29.2.2024 0.03%				
(32,550)	Associated British Foods PLC	616	(1)	0.00
(235,515)	Bakkavor Group PLC	353	(2)	0.00
(33,437)	Greggs PLC	690	23	0.02
(278,615)	J Sainsbury PLC	720	13	0.01
		2,379	**33**	**0.03**
Funds − 0.07%; 29.2.2024 0.00%				
(124,587)	Scottish Mortgage Investment Trust PLC	**1,290**	**85**	**0.07**
Hand & Machine Tools − 0.04%; 29.2.2024 0.00%				
(12,494)	RHI Magnesita	**417**	**48**	**0.04**
Healthcare Products − 0.00%; 29.2.2024 (0.02%)				
Home Builders − 0.01%; 29.2.2024 0.00%				
(106,423)	Vistry Group PLC	**650**	**10**	**0.01**
Insurance − (0.05%); 29.2.2024 0.00%				
(112,308)	Aviva PLC	612	(42)	(0.03)
(205,122)	Legal & General Group PLC	500	5	0.00
(141,699)	Phoenix Group Holdings PLC	736	(21)	(0.02)
		1,848	**(58)**	**(0.05)**
Internet − 0.00%; 29.2.2024 0.00%				
(83,381)	Auto Trader Group PLC	**646**	**5**	**0.00**
Lodging − 0.05%; 29.2.2024 0.00%				
(7,033)	InterContinental Hotels Group PLC	700	64	0.05
(21,278)	Whitbread PLC	567	4	0.00
		1,267	**68**	**0.05**
Machinery Diversified − 0.00%; 29.2.2024 0.00%				
(128,727)	Vesuvius PLC	**528**	**(2)**	**0.00**
Media − (0.02%); 29.2.2024 0.00%				
(64,994)	Pearson PLC	**881**	**(19)**	**(0.02)**
Metal & Hardware − 0.02%; 29.2.2024 0.00%				
(59,340)	Bodycote PLC	**380**	**19**	**0.02**
Mining − 0.01%; 29.2.2024 0.00%				
(8,001)	Rio Tinto PLC	**384**	**18**	**0.01**
Miscellaneous Manufacturing − 0.00%; 29.2.2024 (0.02%)				
(14,499)	Diploma PLC	**651**	**1**	**0.00**
Oil & Gas Producers − 0.06%; 29.2.2024 0.04%				
(138,611)	BP PLC	601	40	0.03
(285,595)	Harbour Energy PLC	646	39	0.03
		1,247	**79**	**0.06**
Pharmaceuticals − (0.01%); 29.2.2024 (0.01%)				
(650,212)	Alliance Pharma PLC	406	(8)	(0.01)
(40,368)	GSK PLC^	592	–	0.00
		998	**(8)**	**(0.01)**

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
Real Estate Investment Trusts – 0.01%; 29.2.2024 0.00%				
(82,433)	Segro PLC	**583**	**7**	**0.01**
Retail – 0.07%; 29.2.2024 (0.15%)				
(205,618)	B&M European Value Retail SA	568	55	0.04
(221,191)	Currys PLC	204	11	0.01
(181,622)	Domino's Pizza Group PLC^	530	–	0.00
(63,815)	Frasers Group PLC	397	5	0.00
(241,478)	Halfords Group PLC	298	41	0.03
(561,771)	JD Sports Fashion PLC	444	26	0.02
(329,839)	Kingfisher PLC	826	(8)	(0.01)
(6,737)	Next PLC	676	(11)	(0.01)
(156,644)	Pets at Home Group PLC	369	(16)	(0.01)
		4,312	**103**	**0.07**
Semiconductors – 0.05%; 29.2.2024 0.00%				
(287,526)	Alphawave IP Group PLC	**342**	**59**	**0.05**
Software – 0.02%; 29.2.2024 0.00%				
(55,732)	Sage Group	**706**	**30**	**0.02**
Telecommunications – (0.06%); 29.2.2024 (0.03%)				
(700,658)	BT Group PLC	1,118	(79)	(0.06)
(850,162)	Vodafone Group PLC	592	(2)	0.00
		1,710	**(81)**	**(0.06)**
Water – 0.03%; 29.2.2024 (0.01%)				
(52,657)	Pennon Group PLC	221	16	0.01
(22,571)	Severn Trent PLC	556	4	0.00
(58,917)	United Utilities Group PLC	571	20	0.02
		1,348	**40**	**0.03**
CFDs Long – (1.99%); 29.2.2024 0.58%				
Aerospace & Defence – 0.17%; 29.2.2024 0.10%				
61,222	Cohort PLC^	661	–	0.00
157,014	Rolls-Royce Holdings PLC	1,180	216	0.17
		1,841	**216**	**0.17**
Agriculture – 0.00%; 29.2.2024 (0.13%)				
Airlines – 0.04%; 29.2.2024 0.00%				
275,010	International Consolidated Airlines Group SA	980	56	0.05
36,125	JET2 PLC	503	(50)	(0.04)
35,460	Wizz Air Holdings PLC	591	40	0.03
		2,074	**46**	**0.04**
Apparel – (0.07%); 29.2.2024 0.00%				
82,320	Burberry Group PLC	**892**	**(83)**	**(0.07)**
Banks – 0.13%; 29.2.2024 0.43%				
98,715	AIB Group PLC	536	52	0.04
305,811	NatWest Group PLC	1,459	109	0.09
		1,995	**161**	**0.13**

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure − Derivatives £000's	Market Value £000's	% of Total Net Assets
Beverages − 0.04%; 29.2.2024 0.00%				
19,746	Coca-Cola HBC AG	**665**	**49**	**0.04**
Building Materials − (0.18%); 29.2.2024 0.00%				
638,682	Breedon Group PLC	2,798	(51)	(0.04)
36,602	CRH PLC	2,965	(42)	(0.03)
808,569	Ibstock PLC	1,313	(78)	(0.06)
409,275	Kier Group PLC	609	(21)	(0.02)
2,055,098	SIG PLC	257	(26)	(0.02)
558,960	SigmaRoc PLC	445	(11)	(0.01)
		8,387	**(229)**	**(0.18)**
Chemicals − (0.04%); 29.2.2024 0.00%				
189,463	Zotefoams PLC	**517**	**(57)**	**(0.04)**
Commercial Services − (0.24%); 29.2.2024 0.50%				
8,799	4imprint Group PLC	457	(45)	(0.03)
66,958	Experian PLC	2,517	(128)	(0.10)
70,664	RELX PLC	2,693	(187)	(0.15)
333,292	XPS Pensions Group PLC	1,240	54	0.04
		6,907	**(306)**	**(0.24)**
Computers − (0.02%); 29.2.2024 0.20%				
29,171	Computacenter PLC	**626**	**(24)**	**(0.02)**
Distribution & Wholesale − (0.06%); 29.2.2024 0.00%				
47,622	Bunzl PLC	1,590	(30)	(0.02)
102,627	RS GROUP PLC	628	(46)	(0.04)
		2,218	**(76)**	**(0.06)**
Diversified Financial Services − (0.22%); 29.2.2024 0.00%				
44,847	Alpha Group International PLC	1,233	(15)	(0.02)
120,232	IG Group Holdings PLC	1,140	(56)	(0.04)
433,408	IntegraFin Holdings PLC	1,400	(160)	(0.13)
24,184	London Stock Exchange Group PLC	2,830	3	0.00
25,011	Plus500, Ltd.	696	(22)	(0.02)
146,848	Tatton Asset Management PLC	955	(18)	(0.01)
		8,254	**(268)**	**(0.22)**
Electricity − (0.01%); 29.2.2024 0.00%				
266,163	National Grid PLC	**2,591**	**(10)**	**(0.01)**
Electronics − (0.14%); 29.2.2024 (0.03%)				
553,260	Luceco PLC	802	(61)	(0.05)
59,237	Oxford Instruments PLC	1,128	(42)	(0.03)
10,168	Renishaw PLC	293	(76)	(0.06)
70,577	TT Electronics PLC	58	(4)	0.00
		2,281	**(183)**	**(0.14)**
Engineering & Construction − (0.05%); 29.2.2024 0.00%				
205,794	Balfour Beatty PLC	960	(8)	(0.01)
16,045	Morgan Sindall Group PLC	539	(53)	(0.04)
		1,499	**(61)**	**(0.05)**

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
Entertainment – 0.00%; 29.2.2024 0.00%				
6,381	Flutter Entertainment PLC	**1,372**	**2**	**0.00**
Food Producers – (0.09%); 29.2.2024 (0.17%)				
16,346	Cranswick PLC	800	(22)	(0.02)
112,550	Hilton Food Group PLC	987	(13)	(0.01)
264,175	Marks & Spencer Group PLC	941	13	0.01
679,963	Tesco PLC	2,583	(89)	(0.07)
		5,311	**(111)**	**(0.09)**
Food Services – 0.01%; 29.2.2024 (0.11%)				
79,663	Compass Group PLC	**2,208**	**17**	**0.01**
Forest Products & Paper – 0.00%; 29.2.2024 0.05%				
Home Builders – (0.21%); 29.2.2024 0.00%				
380,295	Barratt Redrow PLC	1,618	(83)	(0.07)
83,818	Bellway PLC	1,966	(183)	(0.14)
		3,584	**(266)**	**(0.21)**
Household Products – 0.00%; 29.2.2024 (0.33%)				
Insurance – 0.00%; 29.2.2024 (0.05%)				
Internet – (0.21%); 29.2.2024 0.08%				
82,969	Auction Technology Group PLC	475	(11)	(0.01)
196,571	Baltic Classifieds Group PLC	664	(14)	(0.01)
459,939	Deliveroo PLC	638	2	0.00
60,890	Future PLC	559	(16)	(0.01)
201,869	Trainline PLC	625	(88)	(0.07)
873,039	Victorian Plumbing Group PLC	786	(136)	(0.11)
		3,747	**(263)**	**(0.21)**
Investment Companies – (0.03%); 29.2.2024 0.00%				
52,924	Rosebank Industries PLC[1]	**381**	**(40)**	**(0.03)**
Lodging – 0.00%; 29.2.2024 (0.08%)				
Machinery Construction & Mining – 0.01%; 29.2.2024 0.00%				
38,738	Weir Group	**921**	**13**	**0.01**
Machinery Diversified – (0.06%); 29.2.2024 0.00%				
876,927	Rotork PLC	**2,852**	**(80)**	**(0.06)**
Media – (0.06%); 29.2.2024 0.05%				
187,499	Informa PLC	**1,605**	**(75)**	**(0.06)**
Metal & Hardware – 0.00%; 29.2.2024 0.00%				
Mining – 0.00%; 29.2.2024 (0.10%)				
Miscellaneous Manufacturing – 0.00%; 29.2.2024 0.00%				
101,240	Chemring Group PLC	382	73	0.06
65,554	Hill & Smith PLC	1,253	(27)	(0.02)
65,437	Morgan Advanced Materials PLC	137	(41)	(0.04)
		1,772	**5**	**0.00**

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure − Derivatives £000's	Market Value £000's	% of Total Net Assets
Oil & Gas Producers − (0.04%); 29.2.2024 (0.05%)				
49,614	DCC PLC	**2,642**	**(49)**	**(0.04)**
Oil & Gas Services − (0.01%); 29.2.2024 0.00%				
42,928	Hunting PLC	**133**	**(13)**	**(0.01)**
Packaging & Containers − (0.05%); 29.2.2024 0.00%				
22,000	Smurfit WestRock PLC	**891**	**(64)**	**(0.05)**
Pharmaceuticals − 0.00%; 29.2.2024 0.18%				
Private Equity − (0.09%); 29.2.2024 0.08%				
30,914	3i Group PLC	1,219	(58)	(0.04)
60,893	Intermediate Capital Group PLC	1,375	(58)	(0.05)
		2,594	**(116)**	**(0.09)**
Real Estate Investment & Services − (0.02%); 29.2.2024 (0.04%)				
260,191	Grainger PLC	**537**	**(31)**	**(0.02)**
Real Estate Investment Trusts − (0.15%); 29.2.2024 0.00%				
968,140	Great Portland Estates PLC	2,658	(165)	(0.13)
145,453	Workspace Group PLC	628	(31)	(0.02)
		3,286	**(196)**	**(0.15)**
Retail − (0.31%); 29.2.2024 0.00%				
33,388	Dunelm Group PLC	325	1	0.00
8,390	Ferguson Enterprises, Inc.	1,167	(55)	(0.05)
210,616	Grafton Group PLC	1,759	(191)	(0.15)
70,105	Watches of Switzerland Group PLC	338	(52)	(0.04)
79,551	WH Smith PLC	926	(87)	(0.07)
		4,515	**(384)**	**(0.31)**
Telecommunications − (0.03%); 29.2.2024 0.00%				
44,730	Gamma Communications PLC	589	(17)	(0.01)
325,659	GlobalData PLC	627	(23)	(0.02)
4,946	Zegona Communications PLC^	28	–	0.00
		1,244	**(40)**	**(0.03)**
Danish Krone − (0.01%); 29.2.2024 0.00%				
CFDs Long − (0.01%); 29.2.2024 0.00%				
Chemicals − 0.00%; 29.2.2024 0.00%				
13,315	Novonesis (Novozymes) B	**638**	**4**	**0.00**
Transportation − (0.01%); 29.2.2024 0.00%				
7,787	DSV A/S	**1,238**	**(15)**	**(0.01)**
Euro − 0.07%; 29.2.2024 0.31%				
CFDs Short − (0.01%); 29.2.2024 0.13%				
Automobile Manufacturers − (0.04%); 29.2.2024 0.00%				
(7,318)	Bayerische Motoren Werke AG	**508**	**(42)**	**(0.04)**
Chemicals − 0.03%; 29.2.2024 0.04%				
(30,977)	Umicore SA	**224**	**35**	**0.03**

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
Cosmetics & Personal Care – (0.01%); 29.2.2024 0.00%				
(1,930)	L'Oreal SA	**560**	**(14)**	**(0.01)**
Food Producers – (0.01%); 29.2.2024 0.06%				
(7,160)	Kerry Group PLC	**589**	**(10)**	**(0.01)**
Healthcare Services – 0.02%; 29.2.2024 0.00%				
(10,573)	Eurofins Scientific SE	**421**	**29**	**0.02**
Leisure Time – 0.00%; 29.2.2024 0.04%				
Transportation – 0.00%; 29.2.2024 (0.01%)				
CFDs Long – 0.08%; 29.2.2024 0.18%				
Aerospace & Defence – 0.00%; 29.2.2024 0.18%				
Airlines – 0.03%; 29.2.2024 0.00%				
58,396	Ryanair Holdings PLC	**1,006**	**43**	**0.03**
Banks – 0.08%; 29.2.2024 0.00%				
71,379	Bank of Ireland Group PLC	**675**	**107**	**0.08**
Building Materials – 0.00%; 29.2.2024 0.00%				
6,543	Cie de Saint-Gobain SA	**522**	**(3)**	**0.00**
Home Builders – (0.03%); 29.2.2024 0.00%				
310,438	Cairn Homes PLC	**538**	**(43)**	**(0.03)**
Swedish Krona – 0.00%; 29.2.2024 0.00%				
CFDs Short – 0.00%; 29.2.2024 0.00%				
Retail – 0.00%; 29.2.2024 0.00%				
Swiss Franc – 0.02%; 29.2.2024 0.01%				
CFDs Short – 0.02%; 29.2.2024 0.00%				
Chemicals – (0.01%); 29.2.2024 0.00%				
(102)	Givaudan SA	**362**	**(19)**	**(0.01)**
Packaging & Containers – 0.04%; 29.2.2024 0.00%				
(30,089)	SIG Group AG	**467**	**52**	**0.04**
Retail – (0.02%); 29.2.2024 0.00%				
(2,421)	Swatch Group	**374**	**(23)**	**(0.02)**
Transportation – 0.01%; 29.2.2024 0.00%				
(2,548)	Kuehne + Nagel International AG	**462**	**8**	**0.01**
CFDs Long – 0.00%; 29.2.2024 0.01%				
Commercial Services – 0.00%; 29.2.2024 0.01%				
US Dollar – (0.70%); 29.2.2024 (0.21%)				
CFDs Short – 0.30%; 29.2.2024 (0.21%)				
Apparel – (0.12%); 29.2.2024 0.00%				
(4,425)	Crocs, Inc.	354	(36)	(0.03)
(15,888)	NIKE, Inc.	1,009	(114)	(0.09)
		1,363	**(150)**	**(0.12)**

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
	Automobile Manufacturers – 0.08%; 29.2.2024 0.00%			
(1,774)	Tesla, Inc.	**397**	**97**	**0.08**
	Beverages – (0.03%); 29.2.2024 0.00%			
(5,594)	PepsiCo, Inc.	**675**	**(34)**	**(0.03)**
	Commercial Services – 0.08%; 29.2.2024 0.00%			
(25,153)	WillScot Holdings Corp.	**656**	**98**	**0.08**
	Computers – 0.02%; 29.2.2024 0.00%			
(31,083)	Amentum Holdings, Inc.	475	31	0.03
(2,386)	International Business Machines Corp.	480	(8)	(0.01)
		955	**23**	**0.02**
	Distribution & Wholesale – 0.00%; 29.2.2024 (0.05%)			
	Food Producers – (0.02%); 29.2.2024 0.00%			
(29,678)	Conagra Brands, Inc.	**602**	**(24)**	**(0.02)**
	Lodging – 0.00%; 29.2.2024 0.00%			
	Real Estate Investment Trusts – 0.00%; 29.2.2024 (0.16%)			
	Retail – 0.19%; 29.2.2024 0.00%			
(9,899)	CarMax, Inc.	644	27	0.02
(586)	Costco Wholesale Corp.	475	19	0.02
(7,721)	Dollar Tree, Inc.	449	3	0.00
(7,241)	Floor & Decor Holdings, Inc.	556	13	0.01
(6,116)	GMS, Inc.	385	24	0.02
(1,168)	Lululemon Athletica, Inc.	336	31	0.03
(1,808)	Wingstop, Inc.	328	110	0.09
		3,173	**227**	**0.19**
	Semiconductors – 0.01%; 29.2.2024 0.00%			
(2,757)	Teradyne, Inc.	**238**	**12**	**0.01**
	Software – 0.09%; 29.2.2024 0.00%			
(5,299)	Akamai Technologies, Inc.	328	102	0.08
(1,035)	MSCI, Inc.	478	2	0.00
(1,259)	Workday, Inc.	260	9	0.01
		1,066	**113**	**0.09**
	CFDs Long – (1.00%); 29.2.2024 0.00%			
	Commercial Services – 0.01%; 29.2.2024 0.00%			
1,489	S&P Global, Inc.	**621**	**12**	**0.01**
	Diversified Financial Services – 0.01%; 29.2.2024 0.00%			
1,534	Mastercard, Inc.^	688	–	0.00
2,275	Visa, Inc.	643	8	0.01
		1,331	**8**	**0.01**
	Healthcare Products – (0.13%); 29.2.2024 0.00%			
6,210	Agilent Technologies, Inc.	626	(82)	(0.07)
16,419	Bruker Corp.	623	(44)	(0.03)

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
1,540	Thermo Fisher Scientific, Inc.	640	(36)	(0.03)
		1,889	**(162)**	**(0.13)**
Healthcare Services – (0.03%); 29.2.2024 0.00%				
1,512	Medpace Holdings, Inc.	**392**	**(34)**	**(0.03)**
Internet – (0.38%); 29.2.2024 0.00%				
15,865	Amazon.com, Inc.	2,629	(307)	(0.24)
2,264	Meta Platforms, Inc.	1,183	(106)	(0.08)
1,432	Netflix, Inc.	1,095	(74)	(0.06)
		4,907	**(487)**	**(0.38)**
Retail – (0.06%); 29.2.2024 0.00%				
2,921	Boot Barn Holdings, Inc.	279	(25)	(0.02)
10,887	Walmart, Inc.	837	(53)	(0.04)
		1,116	**(78)**	**(0.06)**
Semiconductors – (0.16%); 29.2.2024 0.00%				
9,264	Taiwan Semiconductor Manufacturing Co., Ltd.	**1,332**	**(198)**	**(0.16)**
Software – (0.26%); 29.2.2024 0.00%				
3,487	Datadog, Inc.	314	(93)	(0.07)
6,882	Microsoft Corp.	2,145	(86)	(0.07)
2,698	Salesforce, Inc.	632	(69)	(0.06)
3,656	Twilio, Inc.	341	(79)	(0.06)
		3,432	**(327)**	**(0.26)**
Futures – (0.51%); 29.2.2024 (0.33%)				
(165)	FTSE 100 Index March 2025	14,475	(775)	(0.61)
(111)	FTSE 250 Index March 2025	4,516	129	0.10
		18,991	**(646)**	**(0.51)**
Portfolio of investments			**121,385**	**96.14**
Net other assets			4,868	3.86
Total net assets			**126,253**	**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.

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

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

[1] These securities were valued in consultation with the Manager. These securities were fair valued or suspended at financial year end.

† Managed by a related party.

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

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		4,976		5,853
Revenue	4	9,091		10,172	
Expenses	5	(1,913)		(2,119)	
Interest payable and similar charges	6	(4,435)		(4,620)	
Net revenue before taxation		2,743		3,433	
Taxation	7	545		–	
Net revenue after taxation			3,288		3,433
Total return before distributions			8,264		9,286
Distributions	8		(2,743)		–
Change in net assets attributable to unitholders from investment activities			**5,521**		**9,286**

* Comparative figures have been restated. Please refer to note 18 of the financial statements for further details.

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		128,708		139,249
Amounts receivable on issue of units	32,388		71,754	
Amounts payable on cancellation of units	(43,043)		(91,581)	
		(10,655)		(19,827)
Change in net assets attributable to unitholders from investment activities		5,521		9,286
Retained distribution on accumulation units		2,679		–
Closing net assets attributable to unitholders		**126,253**		**128,708**

NM0625U-4593203-31/66

Balance Sheet

at 28 February 2025

	Notes	28.2.2025 £000's	29.2.2024 £000's
Assets:			
Fixed assets			
– Investment assets		127,337	130,163
Current assets			
– Debtors	9	3,173	655
– Cash and bank balances	10	2,875	2,751
– Cash collateral posted		770	95
Total assets		**134,155**	**133,664**
Liabilities:			
Investment liabilities		(5,952)	(3,003)
Creditors			
– Cash collateral payable		–	(190)
– Distributions payable		(9)	–
– Other creditors	11	(1,941)	(1,763)
Total liabilities		**(7,902)**	**(4,956)**
Net assets attributable to unitholders		**126,253**	**128,708**

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

Accounting Policies

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

The financial statements have been prepared on a going concern basis in accordance with UK GAAP and the SORP. The Fund is able to meet all of its liabilities from its assets. The performance, marketability and risks of the Fund are reviewed on a regular basis throughout the financial period. Therefore, the Directors of the Manager believe that the Fund will continue in operational existence for a period of one year from the date of approval of the financial statements and is 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 Fund.

(b) Bank interest is recognised on an accruals basis.

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.

Dividend equivalent values on long or short Contracts for Differences ("CFDs") are recognised when the underlying 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 and European Commercial Paper ("ECP") bonds is recognised on an effective interest rate basis.

Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund.

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.

(c) Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the date they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is taken to capital.

(d) The underlying circumstances behind both special dividends and share buy backs are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Any tax treatment will follow the accounting treatment of the principal amount.

(e) Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Fund is 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.

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

(g) 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.

(h) 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 ("OTC") derivatives including Credit Default Swaps, Contracts for Differences, Currency Swaps, Forward Currency Contracts, Inflation Swaps, Interest Rate Swaps, OTC Options, Swaptions, Synthetic Caps, Total Return Swaps and Volatility Swaps; 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.

(i) 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.

(j) 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' in the Statement of Total Return.

(k) Cash and bank balances consist of deposits held on call with banks and cash held with clearing brokers and counterparties.

(l) Cash collateral provided by the Fund is identified on the Balance Sheet as pledged cash collateral and is not included as a component of cash and cash equivalents.

For collateral other than cash provided by the Fund, the party to whom the collateral is provided has the right by contract to sell or repledge the collateral but has an obligation to return equivalent securities to the Fund on maturity or sale of the contract. The Fund classifies these assets on its Balance Sheet separately from other assets and identifies the asset as pledged investments. Such assets are valued consistently with the accounting policies listed above.

Cash collateral provided to the Fund by counterparties is identified in the Balance Sheet as cash collateral payable. The Fund may reinvest this cash collateral and the assets purchased are included in investment assets or cash equivalents on the Balance Sheet.

For collateral received from counterparties other than cash, a disclosure of the collateral provided is made in the notes to the financial statements.

Distribution Policies

(m) The ordinary element of stock dividends is treated as revenue and forms part of the distribution.

(n) Special dividends and share buy backs recognised as revenue form part of the distribution.

(o) All of the net revenue available for distribution at the final accounting period end will be distributed to unitholders as a dividend with the balance attributable to accumulation unitholders retained within the Fund. 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.

2. Financial Instruments and Risks

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

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 Fund is managed within the terms of its 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 Fund.

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 Fund. 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 principal risk exposure of the Fund is 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 Fund may suffer through holding market positions in the face of market movements. The Fund is exposed to market risk by virtue of its investments in equities, warrants, rights, corporate bonds, ECP bonds, government bonds, futures contracts and CFD's.

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 the Fund will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk.

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 Fund 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 was 0.64% and 0.56% respectively.

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 assets and liabilities of the Fund are denominated mainly in sterling, therefore the Balance Sheet and Statement of Total Return are unlikely to be directly affected by currency movements.

Management of foreign currency risk

Foreign currency exposures are managed within parameters utilising forward currency contracts. There were no open forward currency contracts at the year end.

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 Fund and market prices of its investments.

The Fund is exposed to other price risk arising from its investments. The exposure of the Fund to other price risk is the market value of the investments held as shown in the Portfolio Statement of the Fund.

Management of other price risk

The Investment Manager manages the Fund's other price risk on a daily basis in accordance with the Fund's investment objective.

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

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 Fund is exposed to interest rate risk on its cash and bank balances held at The Bank of New York Mellon (International) Limited, amounts held at futures clearing houses and brokers, cash equivalent holdings and its investments in fixed and floating rate interest bearing securities where the value of these securities may fluctuate as a result of a change in interest rates. 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.

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.

(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 Fund is 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 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.

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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 Fund's holdings in futures contracts expose the Fund 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 Fund's exposure to counterparty credit risk on contracts in which it currently has 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 Fund's exposure to credit risk on contracts in which it currently has 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 Bank of America Merrill Lynch.

The market value of the exchange traded derivatives held by the Fund is shown in the portfolio statement.

Margin is paid or received on futures to cover any exposure by the counterparty or the Fund to each other. Margin receivable from the Fund's clearing brokers and various counterparties is included in "Cash and bank balances" on the Balance Sheet. Margin payable to the Fund's clearing brokers and various counterparties 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 Fund's holdings in OTC FDIs expose the Fund to counterparty credit risk.

Counterparty credit risk arises from the failure of the counterparty to perform according to the terms of the contract. The Fund's exposure to counterparty credit risk is limited to the contracts in which it currently has a gain position reduced by the cash collateral received from the counterparty or to counterparties which have received collateral from the Fund.

All OTC FDIs are entered into by the Fund 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 Fund and a counterparty that governs OTC FDIs (including total return swaps) 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 Fund under the ISDA Master Agreement, not just total return swaps. All collateral received/posted by the Fund under the ISDA Master Agreement is transferred bilaterally under a title transfer arrangement.

Cash held as security by the counterparty to derivative contracts is subject to the credit risk of the counterparty.

The carrying value of financial assets together with cash best represents the Fund's gross maximum exposure to counterparty credit risk at the reporting date, before including the effect of ISDA Master Agreements and close-out netting, which would reduce the overall counterparty credit risk exposure.

The Fund's 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 counterparties for forward currency contracts are disclosed in the portfolio statement.

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

The following tables detail the number of counterparties the Fund is 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	Contracts for Differences £000's	Total Exposure £000's
BNP Paribas Arbitrage SNC	(214)	(214)
Citigroup Global Markets Limited	26	26
HSBC Bank Plc	(823)	(823)
J.P. Morgan Securities Plc	(1,409)	(1,409)
Merrill Lynch International	58	58
Société Générale SA	(2)	(2)

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29 February 2024

Counterparty	Contracts for Differences £000's	Total Exposure £000's
Barclays Bank Plc	11	11
BNP Paribas Arbitrage SNC	10	10
Citigroup Global Markets Limited	(147)	(147)
HSBC Bank Plc	(565)	(565)
J.P. Morgan Securities Plc	1,070	1,070
Merrill Lynch International	148	148
Société Générale SA	(65)	(65)

iii) Trustee and Custodian

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

Substantially all of the investments other than FDIs of the Fund are held by the Custodian at year end. Investments are segregated from the assets of the Custodian, with ownership rights remaining with the Fund. Bankruptcy or insolvency of the Custodian may cause the Fund's rights with respect to its 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.

The Fund 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 Fund will be treated as a general creditor of the Trustee.

Management of counterparty credit risk related to the Trustee and Custodian

To mitigate the Fund's credit risk with respect to the Trustee, the Investment Manager of the Fund employs specific procedures to ensure that the Trustee employed is a reputable institution and that the associated credit risk is acceptable to the Fund. The Fund only transacts 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: A) (Standard & Poor's rating).

iv) Counterparties

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Counterparty credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

Management of counterparty credit risk related to Counterparties

The Manager monitors the credit rating and financial position of the brokers used to further mitigate this risk.

v) Debt securities

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

Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a higher credit risk have a greater possibility of default than more highly rated securities. The Fund invests into sovereign and corporate debt which exposes the Fund to the risk that the issuer of the bonds may default on interest or principal payments.

Management of counterparty credit risk related to debt securities

To manage this risk the Investment Manager invests in a wide range of securities, subject to the investment objective of the Fund and monitors the credit rating of the investments as disclosed in the portfolio statement. The ratings of the debt securities are continually monitored by the BlackRock Portfolio Management Group.

The following tables detail the credit rating profile of the debt securities held by the Fund as a percentage of the NAV as at the Balance Sheet date:

28 February 2025

Investment grade %	Non-investment grade %	Not rated %	Total %
90.50	–	–	90.50

29 February 2024

Investment grade %	Non-investment grade %	Not rated %	Total %
87.93	–	–	87.93

vi) Collateral

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

Management of counterparty credit risk related to collateral

The Fund uses inbound collateral received from a counterparty to reduce the credit risk associated with any trading activity the Fund has engaged in.

Cash collateral posted by the Fund is separately identified on the Balance Sheet as cash collateral posted and is not included as a component of cash and cash equivalents. Cash collateral received by the Fund is reflected on the Balance Sheet as cash collateral payable.

As at 28 February 2025 collateral received by the Fund in respect of OTC FDIs was £Nil. Collateral posted by the Fund in respect of OTC FDIs was £770,000 in the form of cash.

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As at 29 February 2024 collateral received by the Fund in respect of OTC FDIs was £190,000 in the form of cash. Collateral posted by the Fund in respect of OTC FDIs was £95,000 in the form of cash.

(c) Liquidity risk

Exposure to liquidity risk

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

Liquidity risk to the Fund arises from the redemption requests of unitholders and the liquidity of the underlying investments the Fund is invested in. The Fund's unitholders may redeem their units on the close of any daily dealing deadline for cash equal to a proportionate share of the Fund's NAV. The Fund is 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.

The Fund is also exposed to the liquidity risk of daily margin calls on derivatives.

All non-derivative financial liabilities including distributions payable held by the Fund 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 the 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 Fund. 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 Fund's liquidity risk is 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 Fund's 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 – Unadjusted 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.

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 table below is an analysis of the Fund's investment assets and investment liabilities measured at fair value at the Balance Sheet date.

	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
28 February 2025				
Investment assets	1,037	126,098	202[1]	127,337
Investment liabilities	(775)	(5,137)	(40)	(5,952)
29 February 2024				
Investment assets	1,586	128,526	51	130,163
Investment liabilities	(422)	(2,581)	–	(3,003)

[1] Includes securities fair valued by the Manager at zero. These securities are identified on the Fund's Portfolio Statement.

Securities with a value less than £500 are not disclosed in the table above. These securities are identified on the portfolio statement.

(e) Global exposure

The Manager is required by the COLL Sourcebook to employ a risk management process in respect of the Fund which enables it to accurately monitor and manage the global exposure from Financial Derivative Instruments ("FDIs").

The Manager uses the Absolute VaR methodology to measure the Fund's global exposure. For Absolute VaR, the monthly VaR will not exceed 20% of the Fund's NAV. Where a VaR calculation is performed using a horizon other than the one month regulatory limit, this 20% limit will be rescaled to reflect the appropriate risk horizon period as directed by the relevant regulatory guidelines. Utilisation refers to the level of risk taken in this context.

The exposures to FDIs at year end are marked on the Portfolio Statement.

The tables below detail the highest, lowest and average utilisation of the VaR limit, expressed as a percentage of the respective relative VaR regulatory limit.

28 February 2025

Highest utilisation of the VaR limit	Lowest utilisation of the VaR limit	Average utilisation of the VaR limit
23.27%	10.74%	17.29%

29 February 2024

Highest utilisation of the VaR limit	Lowest utilisation of the VaR limit	Average utilisation of the VaR limit
16.33%	12.08%	14.20%

(f) Leverage

The use of derivatives may expose the Fund to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase a fund's volatility.

The leverage is calculated on a gross exposure basis, by taking the sum of the notional values of the derivatives used by the Fund, without netting, and is expressed as a percentage of the NAV.

The average level of leverage employed by the Fund during the year was 137.48% (29 February 2024: 138.62%).

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	325	59
Gains on derivative securities	4,638	5,803
Currency gains/(losses)	19	(3)
Custodian transaction costs	(6)	(6)
Net capital gains	**4,976**	**5,853**

* Comparative figures have been restated. Please refer to note 18 of the financial statements for further details.

4. Revenue

	For the year to 28.2.2025 £000's	For the year to 29.2.2024* £000's
Interest from certificates of deposit	1,942	2,005
Interest from commercial papers	3,761	3,838
Interest from UK bank deposits	114	214
Interest on balances held at futures clearing houses and brokers	68	95
Overseas dividends	17	33
Revenue from Contracts for Differences	2,496	3,306
Revenue from short-term money market funds	625	658
Stock dividends	68	–
UK dividends	–	23
Total revenue	**9,091**	**10,172**

* Comparative figures have been restated. Please refer to note 18 of the financial statements for further details.

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	1,237	1,303
– Annual service charge	184	193
– Performance fees†	458	585
	1,879	2,081
Other expenses:		
– Audit fee	10	11
– Legal and other professional fees	2	3
– Safe custody fees	6	5
– Trustee's fees	16	19
	34	38
Total expenses	**1,913**	**2,119**

† A performance fee is payable to the Manager which is determined as per the calculation methodology outlined in the Prospectus or upon redemption, in respect of all unit classes with the exception of the class A Income and A Accumulation units with regards to any outperformance.

6. Interest Payable and Similar Charges

	For the year to 28.2.2025 £000's	For the year to 29.2.2024 £000's
Finance charges on Contracts for Differences	3,232	3,097
Interest on bank overdrafts	62	–
Returns from short position Contracts for Differences	1,141	1,523
Total interest payable and similar charges	**4,435**	**4,620**

7. Taxation

(a) Analysis of tax (credit)/charge

	For the year to 28.2.2025 £000's	For the year to 29.2.2024 £000's
Deferred tax credit [see note(c)]	(545)	–
Total tax credit [see note 7(b)]	**(545)**	**–**

7. Taxation continued

(b) Factors affecting the tax (credit)/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	2,743	3,433
Corporation tax at 20% (29 February 2024: 20%)	549	686
Effects of:		
Movement in unrecognised excess management expenses	(2,076)	(675)
Prior year adjustment to excess management expenses	986	–
Revenue not subject to tax	(4)	(11)
Total tax credit [see note 7(a)]	**(545)**	**–**

* Comparative figures have been restated. Please refer to note 18 of the financial statements for further details.

At 28 February 2025, there is a potential deferred tax asset of £18,303,000 (prior period: £19,834,000) due to tax losses of £91,516,000 (prior period: £99,171,000). There is evidence that taxable profits may arise in the future, therefore the fund has recognised £545,000 (29 February 2024: £Nil) of the potential deferred tax asset. Consequently the fund has an unrecognised deferred tax asset carried forward of £17,758,000 (29 February 2024: £19,834,000).

(c) Deferred tax

	For the year to 28.2.2025 £000's	For the year to 29.2.2024 £000's
Opening deferred tax balance	–	–
Deferred tax credit [see Note 7(a)]	(545)	–
Closing deferred tax balance	**(545)**	**–**

8. Distributions

	For the year to 28.2.2025 £000's	For the year to 29.2.2024* £000's
Interim distribution	881	–
Final distribution	1,812	–
	2,693	–
Add: Amounts deducted on cancellation of units	67	–
Less: Amounts received on issue of units	(17)	–
Distributions	**2,743**	**–**
The distributable amount has been calculated as follows:		
Net revenue after taxation	3,288	3,433
Add: Equalisation on conversions	–	7
Less: Deferred tax	(545)	–
Add: Amounts received on issue/cancellation of units in shortfall	–	22
Transfers to capital for undistributed revenue	–	(3,462)
Distributions	**2,743**	**–**

* Comparative figures have been restated. Please refer to note 18 of the financial statements for further details.

9. Debtors

	28.2.2025 £000's	29.2.2024 £000's
Accrued revenue	63	316
Amounts receivable for issue of units	195	339
Amounts receivable from brokers on contracts for differences	2,370	–
Deferred tax	545	–
Total debtors	**3,173**	**655**

10. Cash and Bank Balances

	28.2.2025 £000's	29.2.2024 £000's
Amount held at futures clearing houses and brokers	1,457	2,115
Cash and bank balances	1,418	636
Total cash and bank balances	**2,875**	**2,751**

11. Other Creditors

	28.2.2025 £000's	29.2.2024 £000's
Accrued Annual Management charge	93	405
Accrued Annual service charge	60	60
Accrued Audit fee	10	10
Accrued Performance fee	360	584
Accrued Safe custody fees	2	1
Accrued Trustee's fee	6	23
Amounts payable for cancellation of units	411	520
Amounts payable with respect to Contracts for Differences	997	159
Custodian transaction costs	2	1
Total other creditors	**1,941**	**1,763**

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 Fund 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.

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
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.

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14. 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 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 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, none of the 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.

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	%
Equity instruments	1,119	1	0.09	1	0.09
Total purchases	**1,119**	**1**		**1**	
Total purchases including transaction costs	**1,121**				

		Direct Transaction Costs			
Sales (excluding derivatives)	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
Equity instruments	1,747	–	–	–	–
Total sales	**1,747**	**–**		**–**	
Total sales net of transaction costs	**1,747**				
Derivative transaction costs		**6**		**–**	
Total transaction costs		**7**		**1**	
Total transaction costs as a % of average net assets		**0.01%**		**0.00%**	

For the year ended 29 February 2024

		Direct Transaction Costs			
Purchases (excluding derivatives)	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
Equity instruments	342	–	–	–	–
Total purchases	**342**	**–**		**–**	
Total purchases including transaction costs	**342**				

		Direct Transaction Costs			
Sales (excluding derivatives)	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
Equity instruments	1,162	–	–	–	–
Total sales	**1,162**	**–**		**–**	
Total sales net of transaction costs	**1,162**				
Derivative transaction costs		**7**		**–**	
Total transaction costs		**7**		**–**	
Total transaction costs as a % of average net assets		**0.01%**		**0.00%**	

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15. Portfolio Transaction Costs continued

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.

Separately identifiable direct transaction costs (such as commissions and taxes) are attributable to the Fund's purchase and sale of equity instruments. Additionally, for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be incurred on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. 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 CFDs and futures contracts 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.

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 0.01% (29 February 2024: 0.00%).

16. Units in Issue

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

	A Income Units	A Accumulation Units	P Accumulation Units	D Accumulation Units
Balance at the beginning of the year	20,059	131,816	24,892,878	33,699,272
Issued during the year	–	600	5,691,172	5,692,720
Cancelled during the year	–	(71,411)	(6,168,049)	(10,726,421)
Converted during the year	–	–	(30,380)	(46,662)
Balance at the end of the year	**20,059**	**61,005**	**24,385,621**	**28,618,909**

16. Units in Issue continued

	S Income Units	S Accumulation Units
Balance at the beginning of the year	431,424	20,495,112
Issued during the year	125,905	8,658,214
Cancelled during the year	(182,557)	(8,772,323)
Converted during the year	–	101,396
Balance at the end of the year	**374,772**	**20,482,399**

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.

18. Restatement to the Prior Period Financial Statements

For certain debt instrument types, amortisation had been accounted for incorrectly, which had resulted in revenue being understated and the related capital gains and losses mis-stated by an equal and opposite amount in the Statement of Total Return. There is no impact to taxation, distributions, the change in net assets attributable to unitholders from investment activities, the net asset value or the net asset value per unit in the current or prior periods.

The correction has been reflected within the prior period financial statements presented, by re-stating each of the financial statement lines in the Statement of Total Return and the applicable notes, as follows;

18. Restatement to the Prior Period Financial Statements continued

	£000's	For the year to 29.2.2024 £000's	£000's	For the year to 29.2.2024 (Restated) £000's	Impact £000's
Income					
Net capital gains		10,782		5,853	(4,929)
Revenue	5,243		10,172		4,929
Expenses	(2,119)		(2,119)		–
Interest payable and similar charges	(4,620)		(4,620)		–
Net (expense)/revenue before taxation	(1,496)		3,433		4,929
Taxation	–		–		–
Net (expense)/revenue after taxation		(1,496)		3,433	4,929
Total return before distributions		9,286		9,286	–
Distributions		–		–	–
Change in net assets attributable to unitholders from investment activities		**9,286**		**9,286**	**–**

Impact on net capital gains/(losses)

	For the year to 29.2.2024 £000's	For the year to 29.2.2024 (Restated) £000's	Impact £000's
The net capital gains comprise:			
Gains on non-derivative securities	4,988	59	(4,929)
Gains on derivative securities	5,803	5,803	–
Currency (losses)	(3)	(3)	–
Custodian transaction costs	(6)	(6)	–
Net capital gains	**10,782**	**5,853**	**(4,929)**

Impact on revenue

	For the year to 29.2.2024 £000's	For the year to 29.2.2024 (Restated) £000's	Impact £000's
Interest from certificates of deposit	914	2,005	1,091
Interest from commercial papers	–	3,838	3,838
Interest from UK bank deposits	214	214	–
Interest on balances held at futures clearing houses and brokers	95	95	–
Overseas dividends	33	33	–
Revenue from Contracts for Differences	3,306	3,306	–
Revenue from short-term money market funds	658	658	–
UK dividends	23	23	–
Total revenue	**5,243**	**10,172**	**4,929**

Impact on taxation

Factors affecting the tax change

	For the year to 29.2.2024 £000's	For the year to 29.2.2024 (Restated) £000's	Impact £000's
Net (expense)/revenue before taxation	(1,496)	3,433	4,929
Corporation tax at 20% (29 February 2024: 20%)	(299)	686	985
Effects of:			
Movement in unrecognised excess management expenses	310	(675)	(985)
Revenue not subject to tax	(11)	(11)	–
Total tax charge [see note 7(a)]	**–**	**–**	**–**

Impact on net movement between revenue after taxation and distributions

	For the year to 29.2.2024 £000's	For the year to 29.2.2024 (Restated) £000's	Impact £000's
The distributable amount has been calculated as follows:			
Net (expense)/revenue after taxation	(1,496)	3,433	4,929
Add: Equalisation on conversions	7	7	–
Add: Shortfall transferred to capital	1,467	–	(1,467)
Add: Amounts received on issue/cancellation of units in shortfall	22	22	–
Transfers to capital for undistributed revenue	-	(3,462)	(3,462)

Statement of Manager's Responsibilities

The Manager is required by the rules of the COLL Sourcebook 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 Fund at the year end and of the net revenue and net capital 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 Fund will continue in operation.

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 COLL Sourcebook, the SORP and the Trust Deed.

Statement of the Trustee's Responsibilities in Respect of the Fund and Report of the Trustee to the Unitholders of the Fund for the Year Ended 28 February 2025

The Depositary in its capacity as Trustee of the Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Trustee is responsible for the safekeeping of all the custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Fund, acting through the AFM:

(a) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents of the Fund; and

(b) has observed the investment and borrowing powers and restrictions applicable to the Fund in accordance with the Regulations and the Scheme documents of the Fund.

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 UK Absolute Alpha Fund

Opinion

We have audited the financial statements of BlackRock UK Absolute Alpha Fund ("the Fund") 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, and the Accounting and Distribution Policies and Financial Instruments and Risks of the Fund, 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 Fund as at 28 February 2025 and of the net revenue and the net capital gains on the scheme property of the Fund 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 Fund 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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Conclusions relating to going concern

In auditing the financial statements 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 Fund's 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 Fund's ability to continue as a going concern.

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.

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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.

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 56, 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 Fund'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 Fund 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 Fund 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 Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrator and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund'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. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of a sample of special dividends as either a capital or revenue return and incorporated unpredictability into the nature, timing, and extent of our testing.
- 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 Fund.
- Due to the regulated nature of the Fund, 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 Fund'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 Fund'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 Fund and the Fund'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

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Supplementary Information

Efficient Portfolio Management Techniques

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

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

Contracts for Difference (CFDs)

The following table details the value of CFDs as a proportion of the Fund's NAV, as at 28 February 2025 and the income/returns earned for the year ended 28 February 2025. The value of CFDs is based on the underlying exposure value on a gross absolute basis.

CFDs	
% of NAV	Returns earned £000's
116.87	(1,877)

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

28 February 2025.

Counterparty	Counterparty's country of establishment	CFDs Underlying exposure £000's
BNP Paribas AG	France	24,726
Citigroup Global Markets Limited	UK	444
HSBC Bank	UK	46,220
J.P. Morgan Securities Plc	UK	56,836
Merrill Lynch International	UK	1,393
Société Générale	UK	17,931
Total		**147,550**

All CFDs have an open maturity tenor as they are recallable or terminable on a daily basis.

Supplementary Information continued

Collateral

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

The following table provides an analysis by currency of the underlying cash and non-cash collateral received/posted by way of title transfer collateral arrangement by the Fund, in respect of securities lending transactions and OTC FDIs (including CFDs), as at 28 February 2025.

Currency	Cash collateral received £000's	Cash collateral posted £000's	Non-cash collateral received £000's	Non-cash collateral posted £000's
OTC FDIs				
GBP	–	770	–	–
	–	**770**	**–**	**–**
Total	**–**	**770**	**–**	**–**

All cash posted as collateral has an open maturity tenor as it's not subject to a contractual maturity date.

The returns earned by the Fund from the reinvestment of cash collateral in money market funds during the year ended 28 February 2025 is summarised below. These returns represent the accumulative total return of the representative money market fund for the year ended 28 February 2025. These returns do not take into account any interest payable to the counterparty under the relevant collateral arrangements.

Money market fund	Total return %
Institutional Cash Series plc	
BlackRock ICS Sterling Liquid Environmentally Aware Fund Agency Income Class	4.67

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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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