BLACKROCK INSTITUTIONAL BOND FUNDS
BLACKROCK INSTITUTIONAL EQUITY FUNDS
PROSPECTUS
12 October 2026

- **BlackRock Institutional Bond Funds – All Stocks Corporate Bond**
- **BlackRock Institutional Bond Funds – All Stocks Gilt***
- **BlackRock Institutional Bond Funds – Index Linked**
- **BlackRock Institutional Bond Funds– Over 10 Year Corporate Bonds**
- **BlackRock Institutional Bond Funds – Over 15 Year Gilt***
- **BlackRock Institutional Equity Funds – Continental Europe***
- **BlackRock Institutional Equity Funds – Emerging Markets***
- **BlackRock Institutional Equity Funds – Japan***
- **BlackRock Institutional Equity Funds – Pacific***
- **BlackRock Institutional Equity Funds - UK Smaller Companies***
- **BlackRock Institutional Equity Funds - UK Select Equity***

*This Fund is in the process of being terminated and is no longer available for investment.

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IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

1. BlackRock Institutional Bond Funds and BlackRock Institutional Equity Funds (the "Trusts")

This document is the prospectus of the Trusts. The Trusts are authorised unit trust schemes which are each organised as an umbrella comprising separate funds with segregated liability detailed in Appendix 1 from time to time (each referred to herein as a "Fund" and collectively the "Funds"), valid as at the date specified on the cover of this document. Each Fund shall have a segregated portfolio of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Trusts and any other Fund and shall not be available for any other purpose. The Funds are subject to the rules of the FCA as set out in the COLL Sourcebook. This prospectus complies with the requirements of COLL 4.2 of the COLL Sourcebook. Key investor information documents for each unit class in each of the Funds referred to in this prospectus, including historic performance data, are available from the Manager.

Subject to the above, each Fund will be charged with the liabilities and expenses attributable to that Fund and within the Fund charges will be allocated between classes of units in accordance with the terms of issue of units of those classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the Trustee in consultation with the Manager in a manner which it believes is fair to unitholders generally within the same umbrella. This will normally be pro rata to the net asset value of the relevant Funds.

The UK left the EU on 31 January 2020. However, under the terms of the Withdrawal Agreement concluded between the UK and the EU, a transition period was agreed during which most EU law continued to apply to the UK. This transition period came to an end at 11:00pm (UK time) on 31 December 2020. In this Prospectus the time and date at which the transition period ended is referred to as the "Transition End Date".

On and after the Transition End Date, the EUWA, in general terms, preserves law which was previously (i.e. before the Transition End Date) directly applicable EU law and EU-derived domestic law in order to ensure the proper functioning of the UK legal regime. This preserved law is subject to amendments to address deficiencies that derived from the UK's exit from the EU. These amendments are set out principally in secondary legislation and rules made by the FCA and include (without limiting the generality of the foregoing) the amendments made by the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019.

Following the Transition End Date, the Trust continues to be an authorised investment scheme that may be marketed to all investor types (including retail investors) in the UK. Whilst the Trust is no longer a "UCITS" for the purposes of EU law it is categorised by the FCA as a "UK UCITS" for the purposes of its rules and requirements. Since the Trust is no longer an "EEA UCITS" this means that, for EU law purposes, the Trust is regarded as a non-EEA Alternative Investment Fund (AIF) managed by a non-EEA Alternative Investment Fund Manager (AIFM).

2. Distribution

No person has been authorised by the Manager to give any information or to make any representations in connection with the offering of units other than those contained in the prospectus and, if given or made, such information or representations must not be relied on as having been made by the Manager. The delivery of this prospectus (whether or not accompanied by any reports) or the issue of units shall not, under any circumstances, create any implication that the affairs of any Fund have not changed since the date hereof.

Authorised intermediaries which offer, recommend or sell units in the Funds must comply with all laws, regulations and regulatory requirements applicable to them. Also, such intermediaries should consider such information about the Funds as is made available by the Manager or Investment Manager for the purposes of the UK's Product Governance regime including, without limitation, target market information.

This prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which an offer or solicitation is not lawful or in which the person making such an offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such a solicitation. It is the responsibility of any persons in possession of this prospectus and any persons wishing to apply for units in the Funds to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction.

Prospective investors should inform themselves as to the legal requirements of applying for units and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, domicile or incorporation.

US Persons are not permitted to subscribe for units in the Funds. The units in the Funds have not and will not be registered under the United States Securities Act 1933, the United States Investment Company Act 1940, or the securities laws of any of any of the States of the United States of America and may not be directly or indirectly offered or sold in the United States of America or for the account or benefit of any US Person, except pursuant to an exemption from or in a transaction not subject to the registration requirements of the United States Securities Act 1933, United States Investment Company Act 1940 and similar requirements of such state securities law.

The units in the Funds have not been, nor will they be, qualified for distribution to the public in Canada as no prospectus for the Funds has been filed with any securities commission or regulatory authority in Canada or any province or territory thereof. This document is not, and under no circumstances is to be construed, as an advertisement or any other step in furtherance of a public offering of units in Canada. No Canadian resident may purchase or accept a transfer of units in the Funds unless he is eligible to do so under applicable Canadian or provincial laws.

3. Glossary

Approved Bank	in relation to a bank account opened on behalf of a Fund: (a) if the account is opened at a branch in the United Kingdom: (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank (as defined in the glossary of definitions in the FCA Handbook); or (iv) a building society (as defined in the glossary of definitions in the FCA Handbook); or (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or (b) if the account is opened elsewhere: (i) a bank in (a); or (ii) a bank which is regulated in the Isle of Man or the Channel Islands; or (c) a bank supervised by the South African Reserve Bank; or (d) a credit institution established in an EEA State and duly authorised by the relevant Home State regulator.
Associate	An associate of the Manager or other entity as the context requires, as defined by the FCA.
Associated Fund	A UK UCITS and/or other collective investment scheme that is managed by the Manager or by an associate (as defined by the FCA).
Auditor	Ernst & Young LLP, the auditors of the Funds.
Benchmark Regulation	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014, as such regulation forms part of the domestic law of the UK.
BlackRock Group	The BlackRock group of companies, the ultimate holding company of which is BlackRock, Inc.
Business Day	A day which is not a Saturday or Sunday or any other day recognised in England and Wales as a public holiday or any other day on which banks or the London Stock Exchange are not open for business in the UK. In addition, where a Fund invests outside the UK, the Manager may also take into account whether relevant local exchanges are open, and may elect to treat such closures as non-business days. A list of such days treated as non-business days for certain Funds from time to time can be obtained from the Manager upon request and is also available in the "Library" section on the "Individual Investor" and the "Intermediary" websites at www.blackrock.co.uk. This list is subject to change.
CCP	a legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer, as defined in article 2(1) of EMIR.
China A Shares	Securities of companies that are incorporated in the PRC and denominated and traded in Renminbi on the Shanghai and Shenzhen Stock Exchanges.
Class or Classes	Such class of Units in a Fund as the Manager may from time to time designate.
CSDCC	China Securities Depository and Clearing Corporation Limited
CSRC	China Securities Regulatory Commission.
COLL Sourcebook	The collective investment schemes sourcebook which forms part of the FCA Handbook, as amended from time to time. References to rules or guidance in the COLL Sourcebook are prefaced by "COLL".
Dealing Day	Any Business Day determined by the Manager as a day on which it will accept subscription and redemption requests and as set out in Appendix 1.
EEA	the European Economic Area.
EEA State	an EU member state and any other state which is within the EEA, as defined in the FCA Handbook.
EEA UCITS	a collective investment scheme established in accordance with the UCITS Directive in an EEA State.
Eligible Institution	one of certain eligible institutions (being a CRD credit institution authorised by its Home State regulator or a MiFID investment firm authorised by the FCA or an EEA MiFID investment firm authorised by its Home State regulator) as defined in the glossary of definitions in the FCA Handbook.

EMIR	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and all delegated and implementing regulations made thereunder, as such regulations form part of the domestic law of the UK.
EU	the European Union, being the Union established by the Treaty on European Union signed at Maastricht on 7 February 1992 (as amended), taking into account the UK's withdrawal from the Union pursuant to article 50 of the Treaty.
EUWA	the European Union (Withdrawal) Act 2018.
FCA	The Financial Conduct Authority or any other relevant successor regulatory body from time to time.
FCA Handbook	The FCA's handbook of rules and guidance, as amended from time to time.
Fund	A sub-fund of either Trust, as set out in Appendix 1, and "Funds" shall mean any two or more of such sub-funds.
Home State	A home state, as defined in the glossary of definitions in the FCA Handbook.
Investment Manager	BlackRock Investment Management (UK) Limited.
Manager	BlackRock Fund Managers Limited.
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, delegated and implementing EU regulations made thereunder, and the EU's Markets in Financial Instruments Regulation (600/2014) and such directive, delegated and implementing EU regulations made thereunder and regulation as they form part of the domestic law of the UK.
NAV	The net asset value of a Fund determined in accordance with the Trust Deed of the relevant Trust and Appendix 4.
normal business hours	The hours between 8.30 am and 5.30 pm on any Business Day.
OECD	Organisation for Economic Co-operation and Development.
PNC Group	The PNC group of companies, of which the PNC Financial Services Group, Inc. is the ultimate holding company.
PRC	The People's Republic of China.
Principal Distributor	BlackRock Investment Management (UK) Limited.
QFII	Qualified Foreign Institutional Investor
Register	The register of unitholders for each of the Funds.
Registrar	BlackRock Fund Managers Limited or such other entity to whom it has delegated the registrar functions in respect of a Fund.
RQFII	Renminbi Qualified Foreign Institutional Investor.
SAFE	China's State Administration of Foreign Exchange
SEHK	The Stock Exchange of Hong Kong
SFTR	Regulation (EU) 2015/2365 of the European Parliament and of the Council on Transparency of Securities Financing Transactions and of Reuse and on Reporting, as such regulation forms part of the domestic law of the UK.
Stock Connect	The Shanghai-Hong Kong Stock Connect
Stock Connect Funds	Funds that invest in China A Shares on the Shanghai Stock Exchange via the Stock Connect
SDRT	Stamp duty reserve tax.
Trusts	BlackRock Institutional Bond Funds and BlackRock Institutional Equity Funds.
Trust Deed	The instrument constituting each Trust, as amended or restated from time to time (including any supplements).
Trustee	The Bank of New York Mellon (International) Limited, which has been appointed as depositary of the Funds within the meaning of the UCITS Directive.

UCITS	An undertaking for collective investment in transferable securities which is either a UK UCITS or an EEA UCITS, as the context requires.
UCITS Directive	As the context so requires, either: (i) Directive No. 2009/65/EC of the Council and of the European Parliament of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to UCITS, as amended (including any delegated and implementing directives or regulations made thereunder), which applies to EEA UCITS schemes; or (ii) Directive 2009/65/EC (as referred to in (i) of this definition), as amended (including any delegated and implementing directives or regulations made thereunder), as, and to the extent that, such Directive and delegated directives or regulations are implemented and retained in UK law, regulation and applicable FCA rules (including, for the avoidance of doubt, the COLL Sourcebook).
UK	The United Kingdom of Great Britain and Northern Ireland.
UK UCITS	has the meaning given to it as more fully described in the FCA Handbook, being (in accordance with sections 236A and 237 of the Financial Services and Markets Act 2000) a collective investment scheme which may consist of several sub-funds, which is either an authorised unit trust scheme, an authorised contractual scheme, or an authorised open-ended investment company with the sole object of collective investment of capital raised from the public in transferable securities or other liquid financial assets, operating on the principle of risk-spreading, with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings' assets, and which has identified itself as a UCITS in its prospectus and has been authorised accordingly by the FCA.
US	United States of America.
US Person	Any US resident or other person specified in Regulation S under the United States Securities Act 1933, as amended from time to time and as may be further supplemented by the Manager.

4. The Manager

BlackRock Fund Managers Limited acts as manager of the Funds and also of other authorised collective investment schemes listed in Appendix 2 for which separate prospectuses, key investor information documents (in the case of UK UCITS schemes) and key information documents (in the case of Non-UCITS Retail Schemes) are available.

The Manager (Registered Company No. 1102517) is a limited company incorporated in England and Wales on 20 March 1973 under the Companies Acts 1948 to 1967 for an unlimited duration. It is a subsidiary of BlackRock, Inc. and forms part of the BlackRock Group. The Manager is authorised and regulated by the FCA with permission to carry on the activity of 'managing a UK UCITS'. The Manager may delegate discretionary investment management services and administrative and registrar services to third parties. Further details of the services currently delegated are set out in sections 6, 7, 9 and 10.

The remuneration policy of the Manager sets out the policies and practices that are consistent with and promote sound and effective risk management. It includes a description as to how remuneration and benefits are calculated and identifies those individuals responsible for awarding remuneration and benefits. It does not encourage risk-taking which is inconsistent with the COLL Sourcebook or Trust Deeds and do not impair compliance with the Manager's duty to act in the best interest of unitholders. The Remuneration Policy includes fixed and variable components of salaries and discretionary pension benefits. The Remuneration Policy applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profile of the Manager. The Remuneration Policy is available on the individual Fund pages at www.blackrock.co.uk (select the relevant Fund in the "Product" section and then select "All Documents") or a paper copy is available upon request and free of charge from the registered office of the Manager.

The Manager's registered office is 12 Throgmorton Avenue, London, EC2N 2DL.

The issued and paid-up share capital of the Manager £18,100,000 divided into ordinary shares of £1 each.

The directors of BlackRock Fund Managers Limited, as at the date of this prospectus, are named below:

A M Lewis*
D Edgar
T S Hale
A C Hoctor-Duncan*
T N Hodgson
A L Pickering
S L Sabin
M J Seymour

*Non-executive directors.

None of the Directors are also directors on the boards of other companies within the BlackRock Group. None of the Directors' main business activities (which are not connected with the business of the Manager or any of its associates) is of significance to the Funds' business.

5. The Trustee

The Bank of New York Mellon (International) Limited is the trustee of the Funds and, for the avoidance of doubt, acts as the global custodian to the Funds.

The Trustee acts as depositary for the purposes of the Directive.

The Trustee's services, which include the safekeeping of the property of the Funds, must be performed in accordance with the Trust Deed and the provisions of the COLL Sourcebook.

The Trustee is a private company limited by shares incorporated in England and Wales on 9 August 1996. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States.

The registered and head office of the Trustee is 160 Queen Victoria Street, London, EC4V 4LA.

The principal business activity of the Trustee is the provision of custodial, banking and related financial services. The Trustee is authorised by the Prudential Regulation Authority and dual-regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Terms of Appointment

The Manager is required to enter into a written contract with the depositary to evidence its appointment. The Trustee was appointed as depositary under an agreement entered into between BlackRock Fund Managers Limited and BNY Mellon Trust & Depositary (UK) Limited dated 13 October 2016 as amended from time to time and as novated in favour of the Trustee with effect from 18 June 2018 (the "**Depositary Agreement**").

The Funds will pay trustee and custody fees to the Trustee as set out in section 22 of this Prospectus.

The Duties of the Trustee

The Trustee is responsible for the safekeeping of the Scheme Property, monitoring the cash flows of the Funds, and must ensure that certain processes carried out by the Manager are performed in accordance with the UCITS Directive, the Trust Deeds and the Prospectus.

Conflicts of Interest

The Trustee or any BNY Mellon Affiliates may have an interest, relationship or arrangement that is in conflict with or otherwise material in relation to the services it provides to the Manager and the Funds. Conflicts of interest may also arise between the Trustee's different clients.

As a global financial services provider, one of the Trustee's fundamental obligations is to manage conflicts of interest fairly and transparently. As a regulated business, the Trustee is required to prevent, manage and, where required, disclose information regarding any actual or potential conflict of interest incidents to relevant clients.

The Trustee is required to and does maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients.

The Trustee maintains an EMEA Conflicts of Interest Policy (the "Conflicts Policy"). The Conflicts Policy (in conjunction with associated policies):

(a) identifies the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients;

(b) specifies the procedures or measures which should be followed or adopted by the Depositary in order to prevent or manage and report those conflicts of interest;

(c) sets out effective procedures to prevent or control the exchange of information between persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;

(d) includes procedures to ensure the separate supervision of persons whose principal functions involve carrying out activities with or for clients and whose interests may conflict, or who otherwise represent different interests that may conflict, including with the interests of the Trustee;

(e) includes procedures to remove any direct link between the remuneration of individuals principally engaged in one activity and the remuneration of, or revenues generated by, different individuals principally engaged in another activity, where a conflict of interest may arise in relation to those activities;

(f) specifies measures to prevent or limit any person from exercising inappropriate influence over the way in which an individual carries out investment or ancillary services or activities; and

(g) sets out measures to prevent or control the simultaneous or sequential involvement of an individual in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

Disclosure of conflicts of interest to clients is a measure of last resort to be used by the Trustee to address its regulatory obligations only where the organisational and administrative arrangements established by the Trustee (and any BNY Mellon Affiliates where applicable) to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of clients will be prevented.

The Trustee must assess and review the Conflicts Policy at least once per year and take all appropriate measures to address any deficiencies.

For the purposes of this section, the following definitions shall apply:

"**BNY Mellon Affiliate**" means any entity in which The Bank of New York Mellon Corporation (a Delaware corporation with registered office at 240 Greenwich St, New York, New York 10286, U.S.A) controls (directly or indirectly) an interest of no less than 30% in the voting stock or interests in such entity.

"**Link**" means a situation in which two or more natural or legal persons are either linked by a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking in which that holding subsists.

"**Group Link**" means a situation in which two or more undertakings or entities belong to the same group within the meaning of Article 2(11) of Directive 2013/34/EU, as implemented or given direct effect in the UK, or international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002, as it forms part of the law of the UK by virtue of the EU Withdrawal Act 2018, as amended, modified and reinstated from time to time, and any succeeding UK law or regulation which becomes enforceable by law from time to time.

The following conflict of interest may arise between the Trustee, the Funds and the Manager:

A Group Link because the Manager has delegated certain administrative functions to the Trustee or any BNY Mellon Affiliate.

The Trustee shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Link(s) and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Trustee and the Manager will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Funds and its unitholders.

If a Link exists between the Trustee and any unitholders in the Funds, the Trustee shall take all reasonable steps to avoid conflicts of interests arising from such Link, and ensure that its functions comply with the UCITS Directive as applicable.

Delegation

The following conflict of interest may arise as a result of the delegation arrangements relating to safekeeping outlined below:

A Group Link where the Trustee (or any delegate of the Trustee) has delegated the safekeeping of the scheme property to a BNY Mellon Affiliate.

The Trustee shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Trustee will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Funds and its unitholders.

The Trustee may, from time to time, act as the depositary of open-ended investment companies with variable capital and as trustee or custodian of other collective investment schemes.

Up-to-date information stated above with regards to the Trustee will be made available to unitholders on request.

Delegation of Safekeeping Functions

The Trustee acts as global custodian and may delegate safekeeping to one or more global sub-custodians (such delegation may include the powers of sub-delegation).

The Trustee has delegated safekeeping of the assets of the Funds to The Bank of New York Mellon SA/NV and/or the Bank of New York Mellon (the "**Global Sub-Custodians**"). The Global Sub-Custodians may sub-delegate safekeeping of assets in certain markets in which the Funds may invest to various sub-delegates ("**Sub-Custodians**").

A list of Sub-Custodians is given in Appendix 6. Investors should note that, except in the event of material changes requiring a prompt update of this Prospectus, the list of Sub-Custodians is updated only at each Prospectus review. As at the date of this Prospectus this list is correct, however, for the current list at any given time, please refer to the website at www.blackrock.com/uk/individual/education/library.

Up-to-date information regarding the Trustee, its duties, conflicts of interest that may arise, safekeeping functions delegated by it, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Investors on request.

6. The Investment Manager

BlackRock Investment Management (UF) Limited acts as investment manager of the Funds. The registered office of the Investment Manager is 12 Throgmorton Avenue, London, EC2N 2DL. It is authorised and regulated by the FCA. The Investment Manager's principal activity is providing collective portfolio management services.
The Investment Manager has been granted the authority to manage and make purchases and sales of investments for the appropriate Funds on the Manager's behalf and as the Manager's agent, within the investment policies of the Funds. The Investment Manager has discretion to buy, sell, retain, exchange or otherwise deal in investments, subscribe for new issues, and accept placings, underwritings or sub-underwritings for the relevant Funds. The Investment Manager may sub-delegate all or part of its functions to associates and shall give the Manager written notice of any such sub-delegation to investment advisers which involves the exercise of its discretionary investment management powers.

The Investment Manager (or an associate to which a function has been delegated) reports to the board of the Manager on the performance of each Fund.

The Investment Manager sub-delegates certain investment management activities in respect of certain Funds to the following entities (each an "**Investment Adviser**"):

(a) In the case of the BlackRock Institutional Equity Fund - Emerging Markets[1] investment management is sub-delegated by the Investment Manager to BlackRock Investment Management, LLC, a Delaware limited liability company regulated by the Securities and Exchange Commission in the US.

[1] These funds are in the process of being closed.

(b) In the case of BlackRock Institutional Equity Fund – Japan[1], some investment advisory services are sub-delegated by the Investment Manager to BlackRock Asset Management North Asia Limited.

(c) In the case of BlackRock Institutional Equity Fund – Pacific[1], some investment advisory services are sub-delegated by the Investment Manager to BlackRock Asset Management North Asia Limited.

Each Investment Adviser has discretion under its agreement with the Investment Manager to buy, sell, retain, exchange or otherwise deal in investments, subscribe for new issues, and accept placings underwritings or sub-underwritings for the relevant Fund.

The Manager, the Investment Manager, the Investment Adviser and the Principal Distributor are members of the BlackRock Group and are associates. Their ultimate holding company is BlackRock, Inc., a US public company.

The Manager may terminate its investment management agreement with the Investment Manager upon notice with immediate effect. The Investment Manager may terminate its investment management agreement on giving three months' notice to the Manager.

The Investment Manager's fees (and the fees of the Investment Adviser) for acting as the investment manager of the Funds are paid by the Manager.

7. The Principal Distributor

BlackRock Investment Management (UK) Limited is the Principal Distributor of the Funds. It is regulated by the FCA.

The Principal Distributor was incorporated with limited liability in England and Wales on 16th May 1986 for an unlimited period.

The registered office of the Principal Distributor is at 12 Throgmorton Avenue, London EC2N 2DL.

The Principal Distributor has authority to distribute the Funds directly, and also to appoint other distributors of the Funds, provided any such distribution is carried out in accordance with applicable law in the jurisdiction where
such distribution is undertaken. The Principal Distributor may enter into retrocession arrangements with third party distributors.

The Principal Distributor is authorised by the Manager and entitled at its sole discretion, subject to FCA rules, and without recourse or cost to the Funds, to rebate all of or part of the Manager's charges by way of initial or renewal commission or rebate of the annual management charge, to authorised intermediaries or to third party distributors or agents in respect of any subscriptions for, or holdings of, units for any investors, as further described in section 12 of this Prospectus. Payment of rebates is subject to the Manager receiving its fees and charges from the Funds. The Manager may also discount preliminary charges to directors and employees of the Principal Distributor and its affiliates.

8. The Securities Lending Agent

BlackRock Advisors (UK) Limited, having its registered office at 12 Throgmorton Avenue, London, EC2N 2DL has been appointed as securities lending agent, under the terms of a securities lending management agreement. BlackRock Advisors (UK) Limited may sub-delegate performance of its securities lending agency services to other BlackRock Group companies or third parties including companies within the PNC Group.

BlackRock Advisors (UK) Limited has the discretion to arrange securities loans with counterparties which may include associates within the BlackRock Group and third party companies within the PNC Group.

Under the terms of the agreement, the securities lending agent is appointed to manage each Fund's securities lending activities and is entitled to receive a fee out of the income generated from securities lending. The fee of the securities lending agent represents direct costs (and if relevant indirect operational costs/fees) of each Fund's securities lending activities. All revenue generated from securities lending activities net of the securities lending agent's fee will be returned to the Funds. If there is securities lending revenue generated, the securities lending agent will receive a fee of 37.5% of such securities lending revenue and will pay any third party operational and administrative costs associated with, and incurred in respect of, such activity, out of its fee. To the extent that the securities lending costs payable to third parties exceed the fee received by the securities lending agent, the securities lending agent will discharge any excess amounts out of its own assets. Full financial details of the amounts earned and expenses incurred with respect to securities lending for each Fund, including fees paid or payable, will also be included in the annual and semi-annual financial statements. The securities lending arrangements and associated costs will be reviewed at least annually.

9. The Registrar

The Manager is the person responsible for maintaining the Register under the terms of the Trust Deeds. The Manager has delegated its registrar functions and certain administration services to The Bank of New York Mellon (International) Limited.

The Register for each of the Funds may be inspected at the registered office of the Manager by or on behalf of the unitholders, on any Business Day during normal business hours.

The Register is conclusive evidence of the title to units except in the case of any default in payment or transfer to a Fund of cash or other property due and the Trustee and the Manager are not obliged to take notice of any trust or equity or other interest affecting the title to any of the units.

10. The Administrator

BlackRock Group Limited has appointed Bank of New York Mellon (International) Limited to provide certain fund accounting and fund administration functions in respect of the Funds.

11. The Auditor

The auditor of the Funds is Ernst & Young LLP whose address is 1 More London Place, London, SE1 2AF.

12. Purchase and Redemption of Units

(a) Purchase of units

Subject to the policy on pricing (see paragraph 11) and the relevant Unitholder successfully opening an account, units in any Fund may normally[2] be purchased between 8.30 a.m. and 5.30 p.m. ("normal business hours") on any Business Day either in writing, by telephoning the Investor Services Team on Freephone 0800 445522 or (when available) by such forms of electronic communication as may be approved by the Manager.

Written instructions should be addressed to the Manager and sent by post to the Registrar using the following address:

BlackRock, PO Box 545, Darlington, DL1 9TQ.

Any written instructions sent directly to the Manager will be forwarded to the Registrar as soon as reasonably practicable. Instructions will be processed at the next valuation point following receipt by the Registrar.

The Manager reserves the right to reject, on reasonable grounds, any application for units in whole or in part. Failure to return a fully completed application form may result in a delay in the Manager processing any subsequent redemption request or may result in the Manager withholding redemption proceeds. Any such redemption monies will be held by the Manager in accordance with FCA rules on client money with a third party bank. No interest will be paid to investors during the period the monies are treated as client money.

All requests for purchase of units must be received by the dealing cut off time for the Funds as set out in Appendix 1, otherwise they will be held over to the next following valuation point. Purchase orders made by telephone or (when available) by electronic communication and received outside of normal business hours will be effected as soon as possible on the next Business Day. Please note that monies received on a Business Day when there is not a valuation point will not be invested in the relevant Fund until the next valuation point. Any such monies will be held by the Manager in accordance with the FCA rules on client money with a third party bank. No interest will be paid to investors during the period the monies are treated as client money.

A contract note will be sent to the applicant on the next Business Day after the valuation point applicable to the deal. The contract note will show the price of the relevant units (per unit and the total cost), shown to at least four significant figures. If an investor has not already paid, they must ensure that the Manager receives payment by close of business on the third Business Day after the valuation point applicable to the deal. The Manager may however, subject to notifying the relevant investor prior to accepting a purchase request, require earlier payment. If timely settlement is not made, as required by the Manager, the Investment Manager may (at its sole discretion) enter into a credit agreement with the investor to facilitate the timely settlement of the transaction. In accordance with applicable law, such credit agreement shall be classified as an exempt agreement under the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001. Where the Investment Manager decides to enter into such a credit agreement, the investor will receive title to the units, subject to a lien in favour of the Investment Manager to the full value of the outstanding settlement amount of the units, plus any costs, or resultant profits or losses, incurred by the Investment Manager, the Manager, or the Funds arising as a result of a delay in timely settlement by the investor, including but not limited to any costs associated with liquidating the units and any shortfall between the lien and the value of the units at the time of redemption. Dividend distributions and redemption proceeds may be withheld by the Manager, for the account of the Investment Manager, until such a time as the account is settled. There may also be a delay in processing redemption requests until such a time as the account is settled. No interest will be paid to investors on dividend distributions or redemption proceeds so withheld. If the investor does not repay the amounts owed within a time period specified by the Investment Manager, the Manager will have complete discretion, for the account of the Investment Manager, to redeem the units as repayment for the amounts owed. Any amounts still owing to the Investment Manager will be classified as an unpaid debt, and the appropriate debt recovery process will be initiated to recover this debt. Subject to applicable laws and regulations, the Investment Manager reserves the right, at its absolute discretion, to unilaterally cancel the credit agreement for any reason, at any time, without notice.

No certificates are issued for units in the Funds.

In accordance with the COLL Sourcebook the Manager reserves the right to refuse to issue units in certain circumstances, in particular where it has reasonable grounds to refuse the sale.

Unitholders must meet the investment criteria for any unit class in which they intend to invest (such as minimum initial investment and, for Class A units, having an agreement with the Manager, the Principal Distributor or one of their affiliates in relation to the holding of Class A units). If a purchase request is processed for units in a class in which a unitholder does not meet the investment criteria then the Manager reserves the right to switch the investor into a more appropriate class in the Fund (where available) or redeem the unitholder's units. In such a scenario the Manager is not obliged to give the unitholder prior notice of its actions and the investor bears any consequent risk including that of market movement.

(b) Cancellation rights

Unitholders have 14 days in which to cancel the relevant purchase if they are advised to purchase units by an authorised person through whom a unitholder's business is placed with the Manager unless an appropriate customer agreement exists between such authorised person and the unitholder. The 14 days commences upon the unitholder's receipt of the contract note and the unitholder will need to notify the Manager in writing that they wish to exercise a right to cancel. Unitholders should note that exercising their right to cancel does not necessarily mean that they will receive back the amount they invested. Unitholders will receive back an amount based on the purchase price next calculated following the Manager's receipt of a valid cancellation notice in writing. If a unitholder has not yet paid for the investment, they will be liable to make up any shortfall. Proceeds from cancellation will be retained in a client money account until the purchase payment has cleared. This may be for a period of up to 21 calendar days from the date of acquisition. No interest will be paid on cancellation monies.

[2] In certain circumstances, for example, in the unlikely event of operational systems failure, or in exceptional market conditions, dealing in the Funds may not be possible at the times stated

For regular savings, unitholders are only entitled to exercise a right to cancel in respect of the initial payment, although, they will not be liable to make up any shortfall and will therefore receive the full amount of the initial payment.

(c) Redemption of units

Subject to the policy on pricing (see section 15), units in a Fund may normally[3] be sold back to the Manager during normal business hours either by application in writing to it, by telephone or by fax. When a unitholder redeems units over the telephone, calls may be recorded by the Manager. Redeeming unitholders must complete and sign a renunciation form, or write a letter confirming the redemption. This form is available from the Manager on request. In limited circumstances the Manager may at its discretion accept renunciation instructions by facsimile (followed by an original signature). The Manager does not normally accept renunciation or transfer instructions in electronic format. The Manager will send unitholders a repurchase contract note by close of business on the Business Day after the valuation point applicable to the deal. The proceeds will be sent to unitholders by the close of business on the third Business Day after the later of the following times:

(i) the valuation point at which the repurchase instruction was processed; or

(ii) the date of receipt of written instructions or document of renunciation.

On agreeing to a redemption of units, the Manager will pay the unitholder the appropriate proceeds of redemption within the period specified above unless the Manager has reasonable grounds for withholding all or any part of the proceeds.

All requests for redemption must be received by the dealing cut off time for the relevant Fund as set out in Appendix 1, otherwise they will be held over to the next following valuation point.

(d) Deferred redemption

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% of a Fund's value. 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 subsequent valuation points have been processed.

(e) In specie subscriptions and redemptions

The Manager may, at its discretion, arrange for the Trustee to issue units in exchange for assets other than cash. The Trustee may, on the instruction of the Manager, pay out of a Fund, assets other than cash as payment for the sale of units. An in specie subscription or in specie redemption will only take place where the Trustee has taken reasonable care to determine that it is not likely to result in any material prejudice to the interests of unitholders in the relevant Fund.

Where the Manager considers a cash subscription to be substantial in relation to the total size of a Fund it may require the investor to contribute in specie. The Manager may consider a deal in this context to be substantial if the relevant units constitute 5% (or a lesser or higher percentage if considered appropriate) of those in issue in the relevant Fund.

The Manager will ensure that the beneficial interest in the assets is transferred to the Fund with effect from the issue of the units.

The Manager will not issue units in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Fund.

If a unitholder wishes to sell units in any Fund representing 5% or more of the value of that Fund the Manager can elect not to give the unitholder the proceeds of the sale of units but instead transfer property (i.e. underlying securities) of the relevant Fund to the unitholder (an "in specie redemption").

Where the Manager elects to carry out an in specie redemption, it must notify the unitholder of this in writing no later than the close of business on the second Business Day after the day on which it received selling instructions from the unitholder.

Where there is an in specie redemption, the Trustee will, in accordance with the rules of the COLL Sourcebook, cancel the units and transfer a proportionate share of the assets of the relevant Fund or such selection from the property of the Fund as the Trustee, after consultation with the Manager, decides is reasonable to the unitholder, in either case having regard to the need to be fair both to the unitholder taking the in specie redemption and to continuing unitholders.

Irrespective of the value of the units, where a unitholder wishes to redeem and the Manager has elected to provide an in specie transfer, the unitholder is entitled to instruct the Manager not to transfer assets, but to sell those assets (other than those in cash in the relevant currency) and pay to the unitholder the net proceeds of sale (and cash). However, instruction must be given by the unitholder in writing to the Manager by the close of business on the third Business Day after receipt of the Manager's notice of election to provide an in specie redemption. The value raised will not necessarily correspond with the applicable published bid price.

The Manager may, in its sole discretion, agree to a request from a unitholder for an in specie redemption where it receives such request in advance of the redemption request. Where the Manager does agree, the Trustee will transfer assets to the unitholder of the relevant Fund in the manner set out above.

[3] In certain circumstances, for example, in the unlikely event of operational systems failure, or in exceptional market conditions, dealing in the Funds may not be possible at the times stated.

(f) Suspension

The Manager may, with the prior agreement of the Trustee, and must without delay, if the Trustee so requires, temporarily suspend the sale and redemption of units for a period of time where due to exceptional circumstances it is in the interest of all unitholders in the relevant Fund.

The Manager and Trustee must ensure that the period of suspension is only allowed to continue for as long as it is justified having regard to the interest of unitholders and that dealing resumes as soon as practicable after the circumstances triggering a suspension have ceased. Upon suspension the Manager or the Trustee will immediately inform the FCA giving reasons for the suspension and notify any home state regulator in jurisdictions where units in the relevant Fund are available for sale.

The Manager will notify unitholders of the suspension as soon as practicable after the suspension commences and will formally review the suspension with the Trustee at least every 28 days, keeping the FCA informed. The Manager will resume issue and redemption in units after giving the requisite notice in accordance with the COLL Sourcebook. The Manager will publish sufficient details on its website to keep unitholders appropriately informed about the suspension including, if known, its likely duration.

(g) Conversion and switching rights

Where more than one class of unit is in issue in a Fund, the Manager may permit a unitholder to:

(i) Convert all or some of the units held from one class in that Fund (the "**Original Units**") for units of another class in the same Fund ("**New Units**"), subject to minimum investment and eligibility requirements. When units are converted, the number of New Units to be issued will be determined by applying a 'conversion factor' to the value of the Original Units held to determine the number of New Units to be issued. The conversion factor applicable to such unit conversion is available on request from the Manager in writing or by telephoning the Investor Services Team on 0800 445522, lines are normally open 8:30 am to 6:00 pm and for investor protection calls are normally recorded; or

(ii) Switch all or some of the units held from one class in that Fund (the "**Original Units**") into units of another Fund within the same umbrella or another BlackRock fund (the "**New Units**"). On a switch of units, the number of New Units issued will be determined by reference to the respective prices of New Units and Original Units at the valuation point applicable when the Original Units are redeemed and the New Units are issued. Any such exchange is treated as a redemption and sale.

Unitholders must provide written instructions to convert or switch holdings to the Manager which, in the case of joint unitholders, must be signed by all joint unitholders before a conversion or switch is effected. Conversions and switches are subject to the minimum investment and eligibility requirements. No conversion or switch will be made during any period when the right of unitholders to require a redemption of units is suspended.

The Manager, at its discretion, may make a charge for a conversion between units of the relevant Fund or a switch from the relevant Fund into other BlackRock funds as set out in Appendix 2. Any such charge does not constitute a separate charge payable by a unitholder but is only the application of any redemption charge on the Original Units and any preliminary charge of the New Units. Currently, such a charge will not apply in the case of a conversion of unit classes within the same Fund. Currently the Manager charges a fee on switches only. This charge is equivalent to the preliminary charge for the Fund and unit class into which the unitholder is switching. The Manager at its discretion may discount this switching fee and pay all or part of such a discount to an intermediary.

A conversion or switch of units will only be accepted by the Manager if the conditions for holding the New Units are met, such as meeting the minimum holding. A switch between the relevant Fund and another Fund or other BlackRock Group funds will only be effected on a Business Day when both funds have valuation points.

Unitholders subject to UK tax should note that a switch of units between Funds (but not between unit classes in the same Fund) should be treated as a disposal for the purposes of Capital Gains Tax. Conversions between different unit classes in the same Fund should not give rise to a disposal for UK Capital Gains Tax purposes. Unitholders should seek their own professional tax advice in this regard.

A unitholder who switches units in one Fund for units in any other Fund will not be given a right by law to withdraw from or cancel the transaction.

Class A units are only available to unitholders who have entered into a separate agreement with the Manager, the Principal Distributor or one of their affiliates in relation to the holding of Class A units.

A unitholder in one Fund may exchange units for units in another Fund within the same umbrella. Any such exchange is treated as a redemption and sale. A charge may be made when switching units in one Fund for units in another Fund.

(h) Mandatory redemption, cancellation, switching, conversion or transfer of units

The Manager may from time to time take such action and impose such restrictions as it thinks necessary for the purpose of ensuring that no units in any Fund are acquired or held by any person in circumstances ("relevant circumstances") which constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or which would (or would if other units were acquired or held in like circumstances) result in any Fund incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); and, in this connection, the Manager may reject at its discretion any subscription for, sale, switch, conversion or transfer of units.

In particular, the Manager has determined that US Persons are not permitted to own units. The term "US Person" means any US resident or other person specified in Regulation S under the United States Securities Act 1933, as amended from time to time and as may be further supplemented by the Manager.

All US residents and citizens should note the requirements of the Foreign Account Tax Compliance Act ("**FATCA**"), please see section 24.

If it comes to the notice of the Manager that any units ("**affected units**") have been acquired or are being held in each case whether beneficially or otherwise in any of the relevant circumstances referred to above or if it reasonably believes this to be the case the Manager may give notice to the holder of the affected units requiring the unitholder to transfer such units to a person who is qualified or entitled to own the units in question or to give a request in writing for the redemption or cancellation of such units. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his units to a person qualified to hold the same, or establish to the satisfaction of the Manager (whose judgement shall be final and binding) that he and any person on whose behalf he holds the affected units are qualified and entitled to hold the units, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the Manager) of the affected units.

The Manager may effect a mandatory conversion of an investor's units for units in the same Fund with a lower management fee (but otherwise with the same rights attached to them), provided such investor is given at least 60 days' prior notice of such conversion.

(i) Unpresented cheques, unclaimed or other balances

Where the Manager holds an outstanding balance that is due to a unitholder, arising from the redemption of units, or otherwise, such amounts will be treated by the Manager as client money pursuant to the FCA rules on client money. Reasonable efforts will be made to contact unitholders at the address reflected in the Manager's records in order to facilitate payment of any outstanding balance due. However, if the Manager is unable to contact a unitholder, after a period of 6 years, such amounts may, pursuant to the FCA rules on client money, be paid to a registered charity of the Manager's choice and will cease to be held as client money by the Manager. Pursuant to the FCA rules on client money, distributions paid either as a dividend, or as an interest distribution, depending on whether a Fund is classified as a bond, or an equity fund, will only be treated as client money by the Manager if held by the Manager. Currently, the Manager does not hold such distributions. By entering into a contract with the Manager, or one of its affiliates, unitholders consent to this course of action. No interest will be payable to unitholders in respect of amounts relating to unpresented cheques or other balances held or transferred as described above. By entering into a contract with the Manager or one of its affiliates, unitholders consent to this course of action.

(j) Client Money

Any money received from, held for, or on behalf of a client by the Manager during the course of any normal business transaction will, where applicable, be held in accordance with the FCA rules in respect of client money. No interest will be accumulated in the client money bank accounts during the period the monies are treated as client money, and as such, interest will not be payable to unitholders in respect of such monies No interest will be payable to unitholders in respect of amounts relating to individual transactions.

(k) Excessive trading policy

The Funds do not knowingly allow investments that are associated with excessive trading practices as such practices may adversely affect the interests of all unitholders. Excessive trading includes individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by excessively frequent or large trades.

Unitholders should, however, be aware that the Funds may be utilised by certain investors for asset allocation purposes or by structured product providers, which may require the periodic re-allocation of assets between Funds. This activity will not normally be classed as excessive trading unless the activity becomes, in the opinion of the Manager, too frequent or appears to follow a timing pattern.

As well as the general power of the Manager to refuse subscriptions, switches, conversions or transfers at their discretion, powers exist in other sections of this prospectus to ensure that unitholder interests are protected against excessive trading. These include:

(i) in-specie redemptions – section 12(e); and

(ii) conversion and switching rights – section 12(g).

In addition, where excessive trading is suspected, the Funds may:

(i) combine units that are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in excessive trading practices. Accordingly, the Manager reserves the right to reject any application for switches, conversions, transfers and/or subscription of units from investors whom they consider to be excessive traders; and

(ii) levy a redemption charge of 2% of the redemption proceeds to unitholders whom the Manager, in its reasonable opinion, suspects of excessive trading. This charge will be made for the benefit of the relevant Fund, and affected unitholders will be notified in their contract notes if such a fee has been charged.

(l) Compliance with applicable laws and regulations

As a result of any applicable laws and regulations, including but not limited to, relevant anti-money laundering legislation (including but not limited to sanctions administered by legislation, sanctions administered by United States Office of Foreign Asset Control, European Union and United Nations), tax laws and regulatory requirements, unitholders may be required, in certain circumstances, to provide additional documentation to confirm their identity or provide other relevant information pursuant to such laws and regulations, as may be required from time to time, even if an existing unitholder. Any information provided by unitholders will be used only for the purposes of compliance with these requirements and all documentation will be duly returned to the relevant unitholder. Until the Manager receives the requested documentation or additional information, there may be a delay in processing any subsequent redemption request and the Manager reserves the right in all cases to withhold redemption proceeds until such a time as the required documentation or additional information is received.

Any such redemption monies will be held by the Manager in accordance with FCA rules on client money with a third party bank. No interest will be paid to investors during the period such monies are treated as client money.

Alternatively, the Manager may employ a search of electronic data reference sources in order to access information held electronically concerning the identity of a unitholder, including information held by certain government and consumer agencies. By completing the relevant application forms or entering into a contract with the Manager or one of its affiliates, unitholders acknowledge that the Manager may at any time initiate a search of information held electronically in order to verify identity.

13. Valuation

The Manager calculates prices at which unitholders buy and sell units in accordance with Appendix 4, as permitted by the COLL Sourcebook. The basis of the calculation is the value of the underlying assets of the Fund. The Funds are valued both on an issue basis and on a cancellation basis, from which the 'buying' price (offer) and 'selling' price (bid) are determined, as detailed within Appendix 4. The difference between these two prices is known as the spread. The maximum permitted spread may be wider than the spread the Manager normally quotes for dealing, but the Manager may deal at any prices calculated in accordance with Appendix 4 and notified to the Trustee. The maximum offer price may not exceed the total of the issue price and the preliminary charge. The minimum bid price may not be less than the cancellation price. All the Funds are valued on each Business Day.

The Manager may at its discretion implement fair value pricing policies in respect of any of the Funds. Fair value pricing will only apply where the Manager has reasonable grounds to believe that no reliable price exists for one or more underlying securities at a valuation point or the most recent price available does not reflect the Manager's best estimate of the value of a security at the valuation point. In these circumstances the Manager may at its discretion value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment. Circumstances which may give rise to a fair value price being used include instances where there is no recent trade in the security concerned; or the occurrence of a significant event since the most recent closure of the market where the price of the security is taken. A significant event is one that means, in the Manager's judgement, the most recent price of a security or a basket of securities is materially different to the price that it is reasonably believed would exist at the valuation point had the relevant market been open. For this purpose, the Manager may utilise pre-determined trigger levels which take into account the materiality of any variance. The Manager's decision to use fair value pricing will also depend on the type of authorised fund concerned, the securities involved and the basis and reliability of the alternative price used.

The Manager may suspend dealing in any Fund if it cannot obtain prices on which to base a valuation (see section 12(f)). The Manager may, with the Trustee's prior agreement or if the Trustee requires it, suspend the repurchase of units in accordance with the COLL Sourcebook, as described above under the heading "Suspension".

The Manager's annual management charge (which is taken into account in valuations) is based upon values midway between the issue and cancellation basis.

Valuations are normally taken at a valuation point of 12.00 noon. The Manager may declare additional valuation points for any Fund at its discretion and with the Trustee's agreement. At a valuation point the Manager calculates unit prices, using the most recent prices of the underlying securities that it can reasonably obtain. The objective is to give an accurate value of the Fund as at the valuation point. The base currency of each Fund is sterling.

14. Prices of Units and Historic Performance Data

The Manager will, on the completion of each valuation, advise the Trustee of the issue and cancellation prices. These are the prices which the Manager has to pay to the Trustee for the issue of units or which the Manager will receive from the Trustee upon the cancellation of units. The cancellation price last notified to the Trustee is available from the Manager on request. The Manager deals in units as principal and accordingly the offer and bid prices that it publishes from time to time are the prices that are relevant to unitholders or applicants. These prices must not be greater than the applicable issue price on that day plus the preliminary charge, nor less than the cancellation price. The Manager will notify the Trustee of the maximum issue price and minimum cancellation price at which it will deal.

Historic performance data (where available) is contained in the key investor information document for the relevant unit class of the relevant Fund, which is available on request from the Manager. For up to date information visit the Manager's website www.blackrock.co.uk or speak to its Investor Services Team on 0800 445522, lines are open between 8.30am and 6.00pm. Telephone calls may be recorded by the Manager.

15. Policy on Pricing

When units are purchased through the post, by telephone, by fax or (when available) by electronic communication, they will be sold on a forward pricing basis at the offer price calculated at the next valuation point (12.00 noon) after receipt of purchase instructions so long as these were received prior to the relevant Fund's dealing cut off time (where applicable).

When units are sold back to the Manager, units will be redeemed on a forward pricing basis at the bid price calculated at the next valuation point (12.00 noon) following receipt of a redemption instruction so long as these were received prior to the relevant Fund's dealing cut off time (where applicable).

If a purchase or sale order is for a total amount of £15,000 or more, it is considered to be a "large deal" and the Manager reserves the right to execute an order at a price higher than the published offer price or lower than the published bid price (as applicable). Should this prove to be the case, the price paid when buying units will not be higher than the maximum offer price, or when redeeming units, less than the cancellation price.

16. Minimum Investment and Minimum Holding

In the case of Class A units (as available), the minimum initial investment and minimum value of a holding in a Fund is £5,000. Unitholders may make subsequent investments for Class A units in a Fund in amounts of £100 or more.

In the case of Class B units (as available), the minimum initial investment and minimum value of a holding in a Fund is £1,000,000. Unitholders may make subsequent investments for Class B units in a Fund in amounts of £100 or more.

For the avoidance of doubt, Class A units and Class B units are intended for investment by institutional style investors who are able to meet the minimum investment and holding criteria for the relevant class. It should be noted that pursuant to sections 12(g) and 12(h), the Manager reserves the right to switch the entire holding to a more appropriate class of units (where available) or redeem the entire holding. In such circumstances, the Manager is not obliged to provide prior notice and the unitholder bears the consequent risk including that of market movement.

In respect of Class A units and Class B units unitholders may make withdrawals of £100 or more as set out in Appendix 1. When unitholders make a withdrawal, conversion, switch or transfer, the remaining balance of their holding must be at least equal to the minimum investment otherwise the Manager may at its discretion arrange to sell the holding and remit the proceeds to the relevant unitholder. If, as a result of a withdrawal, conversion, switch or transfer a small balance of units meaning an amount of £2 or less is held, the Manager shall have absolute discretion to realise this small balance and donate the proceeds to a UK registered charity selected by the Manager.

The BlackRock Savings Plan is not available in respect of the Funds.

Minimum investment and holding amounts may be waived at the Manager's discretion.

17. Commission and Rebates

If Class A units and Class B units (where available) are purchased through an authorised intermediary, the Principal Distributor (as authorised by the Manager) may, at its discretion, pay initial or renewal commissions to authorised intermediaries, subject to FCA rules.

The amount of initial or renewal commission paid on a purchase will be shown on the relevant contract note sent to a unitholder. The Manager will also advise unitholders of any initial or renewal commission to be paid in respect of a purchase, upon request. If a unitholder switches an investment from one Fund to another Fund or from one Fund into another BlackRock fund, the Manager normally allows a discount on the price at which units are purchased and/or pay a reduced commission to any intermediary concerned.

No initial or renewal commissions are paid in respect of Class A units or Class B units.

Class A units are only available to unitholders who have entered into a separate agreement with the Manager, the Principal Distributor or one of their affiliates in relation to the holding of Class A units. The Manager or Principal Distributor (as authorised by the Manager) may also, at its discretion, waive any preliminary charge, in whole or in part, in respect of an application for Class A units, or, subject to FCA rules, determine to pay a rebate in respect of the payment of annual management charges in respect of any holding of Class A units in certain funds to certain authorised intermediaries. The Principal Distributor currently pays rebates in respect of holdings in certain Funds by certain investors and authorised intermediaries including various associated companies in the BlackRock Group.

Subject to FCA rules, rebates of annual management charges may be agreed on certain Funds at the Manager's discretion and subject to the nature of the business provided by third party intermediaries to end investors. Rebates will not exceed the published amount of annual management charge payable in respect of those Funds.

The terms of any rebate will be agreed between the Principal Distributor and the authorised intermediary from time to time. If so required by applicable FCA rules, the authorised intermediary shall disclose to any of its underlying clients the amount of any rebate of annual management charge it receives from the Principal Distributor and the Manager shall also disclose to unitholders, upon request, details of any rebate paid by the Principal Distributor to an authorised intermediary in connection with a holding of units, where the authorised intermediary has acted on behalf of that unitholder.

The Manager may, at its discretion, discount any switching fee and pay some or all of the discount to an intermediary, subject to FCA rules.

Payment of any rebate of annual management charge or of the preliminary charge ("commission") shall cease on the entry into force of any legislation and/or regulation prohibiting the payment of commission from product providers to counterparties, to the extent that such legislation and/or regulation affects the counterparties activities in any particular jurisdiction and/or sale of particular Funds.

MiFID II contains restrictions on the receipt and retention of fees, commissions, monetary and non-monetary benefits ("inducements") where firms, subject to MiFID II, provide clients with portfolio management services or independent investment advice. It also includes obligations where firms provide clients with other services (such as execution services or restricted investment advice). In such cases, where a firm receives and retains an inducement, it must ensure that the receipt and retention of the inducement is designed to enhance the quality of the relevant service to the client and is properly disclosed. Where authorised intermediaries are subject to MiFID II and receive and/or retain any inducements, they must ensure that they comply with all applicable legislation, including, MiFID II.

In accordance with the FCA's "Retail Distribution Review", neither the Manager nor the Principal Distributor are permitted to pay initial or renewal commission or rebate of the annual management charge, to authorised intermediaries or to third party distributors or agents in respect of any subscriptions for, or holdings of, units for any UK retail investors in respect of investments made as a result of the investor having received a personal recommendation on or after 31 December 2012.

Where applicable, commissions and rebates that are treated as client money will be held in accordance with section 31(h).

18. Manager's Box

The Manager will run a box (i.e. hold units in the Funds in its own accounts). The Manager pays any profit made on the issue of units, or on the re-issue or cancellation of any units redeemed into the relevant Fund. The current policy of the Manager is to hold only sufficient numbers of units to facilitate the efficient operation of the Funds and of the issue and cancellation of units. The Manager is not obliged to provide any notice to unitholders of a change in such policy.

19. Publication of Prices and Yields

The previous dealing day's bid and offer prices of units and the current estimated annual yields of the Funds, as well as the preliminary charge applicable for each Fund, will be made publicly available in a variety of sources but primarily through the Manager's website, www.blackrock.co.uk, or by calling its Investor Services Team on 0800 445522, lines are open between 8.30am and 6.00pm. Telephone calls may be recorded by the Manager. Please note that the published prices are for information only and these prices may not be the price obtained when units are dealt. The Manager is not responsible for errors in publication or for non-publication. The cancellation price in the relevant Fund or Funds will be available, from the Manager, on request.

The units in the Funds are not listed or dealt in or on any investment exchange.

20. Classes of Units

The classes of units currently available in each Fund are set out in Appendix 1. Each type of unit represents a beneficial interest in undivided shares in the property of the Fund as detailed below. Each unit, Accumulation or Income, represents one undivided share in the property of a Fund. Each undivided unit ranks pari passu with other undivided units in a Fund. The nature of the rights represented by units is that of a beneficial interest under a Trust. Unitholders are not liable for the debts of a Fund.

If a unitholder holds Income units, it will receive a net distribution payable monthly, quarterly, half-yearly or annually according to the distribution policy of the relevant Fund, details of which are set out in Appendix 1. This distribution will be paid either by cheque or directly into the bank account of the relevant unitholder. This net distribution is calculated by multiplying the number of Income units held on the last day of the relevant accounting period, by the net rate of distribution declared by the Manager. After a period of six years from the date of payment, any unclaimed distribution will be added to the capital property of the Fund and may be forfeited. No interest will be paid on unclaimed distribution monies.

If a unitholder holds Accumulation units, there will be no actual payment of income. The income attributable to the units will remain as property of the relevant Fund and the number of undivided shares represented by each Accumulation unit will be increased accordingly. The number of Accumulation units remains the same.

The Manager may adopt a policy of smoothing interim distributions for a Fund if it considers that this is in the interest of unitholders of the Fund and consistent with the objective and policy of the Fund.

The Trust Deeds also permit further classes of units to be made available other than those currently available. Any such class of unit may vary according to whether it accumulates or distributes income or attracts different fees and expenses, and as a result of this, monies may be deducted from classes in unequal proportions. In these circumstances, the proportionate interests of the classes of units within a Fund will be adjusted in accordance with the provisions of the Trust Deeds relating to proportion accounts. The Trustee may create one or more classes of units as instructed from time to time by the Manager. The creation of additional unit classes will not result in any material prejudice to the interests of holders of units in existing unit classes.

21. **Evidence of Title**

No certificates are issued in respect of the units in the Funds. Should any unitholder, for any reason, require evidence of his title to units, the Manager shall, upon unitholder proof of identity as it shall reasonably require, supply the relevant unitholder with a certified copy of the relevant entry in the Register relating to their holding of units.

22. Investment Objective and Policy / Investment Restrictions

(a) General

Details of the investment objective and policy of each of the Funds is set out in Appendix 1.

Details of the investment restrictions applicable to a particular Fund are set out in Appendix 3.

(b) Environmental, Social and Governance Integration

BlackRock has defined ESG Integration as the practice of incorporating material environmental, social, and governance (ESG) information into investment decisions in order to enhance risk adjusted returns. BlackRock recognises the relevance of material ESG information across all asset classes and styles of portfolio management. The Investment Manager will integrate ESG considerations in its investment processes across the UK active funds platform. ESG information will be included as a consideration in investment research, portfolio construction, portfolio review and stewardship processes.

For each of the Funds, the firm's Risk and Quantitative Analytics group will review portfolios in partnership with the Investment Manager to ensure that exposures to ESG risk are considered regularly alongside traditional financial risks. The Investment Manager considers ESG data within the total set of information in its research process and makes a determination as to the materiality of such ESG data in its investment process. ESG factors are not the sole considerations when making investment decisions for the Fund. The Investment Manager's evaluation of ESG data is subjective and may change over time.

This approach is consistent with the Investment Manager's regulatory duty to manage the Funds in accordance with their investment objectives. BlackRock's approach to ESG integration is to broaden the total amount of information the Investment Manager considers with the aim of improving investment analysis and understanding the likely impact of ESG risks on the

Funds' investments. The Investment Manager assesses a variety of economic and financial indicators, which may include ESG considerations, to make investment decisions appropriate for the Funds' objectives.

Unless otherwise stated in Fund documentation and included within a Fund's investment policy, there is no indication that an ESG or Impact focused investment strategy or exclusionary screens will be adopted by the Fund.

(c) Investment Stewardship

BlackRock seeks to advance the financial interests of investors through its investment stewardship efforts, consistent with the investment strategy in which they are invested. It does this by engaging with public companies, proxy voting on the Funds' behalf, contributing to industry dialogue on stewardship, and reporting on its stewardship activities.

BlackRock's stewardship approach is comprised of the following core elements (as further described below):

- Global principles
- Engagement
- Proxy voting

Global principles

A key focus of the stewardship program is the promotion of sound corporate governance practices and financial resilience. While accepted standards and norms of corporate governance can differ between markets, there are certain globally-applicable fundamental principles of corporate governance that, in BlackRock's experience, contribute to a company's ability to create long-term financial value for shareholders. Some of the focus areas in these global principles include boards and directors (including their effectiveness and composition), shareholder proposals (in particular, their implications for financial value) and material sustainability-related risks and opportunities. More information on the global principles can be found here: https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf.

Engagement

Engagement is core to BlackRock's stewardship efforts as it provides the opportunity to better understand a company's business model and material risks and opportunities. When assessing material risks and opportunities, BlackRock focuses on the factors that could impact a company's long-term financial performance, which are unique to its business model and/or operating environment.

Engagement may also inform BlackRock's voting decisions, particularly on issues where company disclosures are not sufficiently clear or complete, or management's approach seems misaligned with the financial interests of investors.

BlackRock's engagement priorities reflect the themes on which it most frequently engages companies, where they are relevant and a source of material business risk or opportunity. These themes focus on:

- Board quality and effectiveness: consideration of board performance, which is critical to the long-term financial success of a company and the protection of shareholders' economic interests.
- Strategy, purpose, and financial resilience: understanding how boards and management align their business decision-making with the company's purpose and adjust strategy as necessary.
- Incentives aligned with financial value creation: evaluation of companies' disclosures on the connection between compensation policies and outcomes and the financial interests of shareholders.
- Climate and natural capital: understanding companies' approach to, and oversight of, material climate-related risks and opportunities as well as how they manage material natural-related risks and opportunities, in the context of their business model and sector.
- Company impacts on people: understanding companies' approach to human capital management and their management of the human rights issues that are material to their businesses.

More information on BlackRock's engagement priorities can be found here: https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf.

Proxy voting

BlackRock uses proxy voting to communicate its support for, or concerns about, how companies are serving the long-term financial interests of investors. BlackRock's regional voting guidelines set out guidance on its position on common voting matters. These guidelines are not prescriptive as BlackRock takes into consideration the context in which companies are operating their businesses.

More information on BlackRock's regional voting guidelines can be found here: https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-guidelines-emea.pdf.

Reporting

BlackRock provides periodic reporting of its stewardship activities, which can be accessed here, as part of a comprehensive library of materials on its stewardship policies and activities: https://www.blackrock.com/corporate/insights/investment-stewardship.

23. Risk Considerations

Potential investors should consider the risk factors below before investing in the Funds (or, in the case of specific risks applying to specific Funds, in those Funds). This list must not be taken to be comprehensive. It should also be noted that there may be new risks that arise in the future which could not have been anticipated in advance. Also, risk factors listed will apply to different Funds to different degrees, and for a given Fund this degree could increase or reduce through time.

(a) **General investment risks**

The Funds are subject to the risk that all equity and fixed interest securities funds are subject to i.e. fluctuations in capital value which can be influenced by factors such as political and economic news, corporate earnings reports, demographic trends and catastrophic events. While over a long period it might be expected that a Fund will produce positive total returns, in any particular period losses may be suffered. The Manager cannot guarantee that it will achieve the objectives set out for any Fund.

Unitholders should always bear in mind that the price of units in any Fund and the income from them can go down as well as up and are not guaranteed. An investment in a Fund is not intended to be a complete investment programme.

The Funds may invest in currencies other than sterling. As a result, changes in the rates of exchange between currencies may cause the value of units in the relevant Funds to go up or down. Accordingly, unitholders may not receive back the amount invested.

Where cancellation rights apply to a contract any investor exercising such cancellation rights will not obtain a full refund of the money paid (except regular savers who will obtain a full refund) on the making of the contract if the value of the investment falls before the cancellation notice is received by the Manager as an amount equal to that fall will be deducted from any refund made to the investor. An investment in a Fund is not protected against the effects of inflation.

(i) Accumulation of Fees/Expenses

As the Funds may invest in funds, the unitholders may incur a duplication of fees and commissions (such as management fees, including performance fees, custody and transaction fees, other administration fees and audit fees). To the extent these funds are permitted to invest in
turn in other funds, unitholders may incur additional fees to those mentioned below.

(ii) Charges from Capital

Most of the Funds deduct their charges from the income produced from their investments however some may deduct all or part of their charges from capital. Whilst this might allow more income to be distributed, it may also have the effect of reducing the potential for long term capital growth or potentially loss of capital.

(iii) Counterparty Risk

See also 'Credit Risk'. The bankruptcy or default of any counterparty could result in losses to any Fund. In addition, a Fund may bear the risk of loss because a counterparty does not have the legal capacity to enter into a transaction, or if the transaction becomes unenforceable due to relevant legislation or regulation (see 'Legal and Regulatory Risk').

In the case of any insolvency or failure of any such party, a Fund might recover only a pro rata share of all property available for distribution to all of such party's creditors and/or customers. Such an amount may be less than the amounts owed to that Fund.

Trading in financial derivative instruments which have not been collateralised gives rise to direct counterparty exposure. A Fund might mitigate much of this risk by receiving collateral with a value at least equal to the exposure to each counterparty but, to the extent that any financial derivative instrument is not fully collateralised, a default by the counterparty may result in a reduction in the value of a Fund. In the event of the insolvency of the counterparty to a derivative, a Fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to the underlying indebtedness. Consequently, that Fund will be subject to the credit risk of the counterparty as well as that of the issuer of the indebtedness. As a result, concentrations of derivatives in any one counterparty may subject a Fund to an additional degree of risk with respect to defaults by such counterparty as well as by the issuer of the underlying indebtedness.

To mitigate counterparty risk a Fund will only use preferred counterparties which it believes to be creditworthy and may reduce the exposure incurred in connection with such transactions through the use of letter of credit or collateral. A formal review of each new counterparty is completed and all approved counterparties are monitored and reviewed on an ongoing basis. However there can be no guarantee that a counterparty will not default or that a Fund will not sustain losses as a result.

The Manager is free to use one or more separate counterparties for derivative investments. Some or all of these counterparties may be associates of the BlackRock Group or the PNC Group.

(iv) Credit Risk

See also 'Counterparty Risk'. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation. Each Fund will be exposed to a credit risk for the parties with whom it trades. Investing in sovereign debt, any other debt guaranteed by a sovereign government, or corporate debt entails risks related to the issuer's ability and willingness to repay principal and pay interest. A default by the issuer of the bond may impact the value of a Fund. Short-term cash equivalent investments, such as commercial paper, bankers' acceptances, certificates of deposit, and repurchase transactions, are not guaranteed by any government and are subject to some risk of default.

Credit risk may also arise through a default by one or several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Fund interacts on a daily basis.

(v) Fund Liability Risk

Each Trust is structured as an umbrella fund with segregated liability between its Funds. The assets of one Fund will not be available to meet the liabilities of another. However, the Trusts (through the Manager) may operate or have assets held on its behalf or be subject to claims in the UK, or in other jurisdictions,

whose courts may not necessarily recognise such segregation of liability.

Therefore, it is not possible to be certain that the assets of a Fund will always be completely isolated from the liabilities of another Fund of a Trust in every circumstance.

(vi) Determination of Unit Prices

A proportion of the value of the Funds and hence the issue and redemption price of the Units, will be based on the latest prices that are available for the investments held by the underlying funds. These latest prices may be estimated prices due to either the frequency or the timing of dealing in the investment vehicles in which the underlying funds are invested or the time that is required by the administrators of such investment vehicles to calculate final prices.

Consequently, the value of the Funds and hence the issue and redemption prices of the Units, may not accurately reflect the value that would have been received by the Funds had that holding been realised on that day.

The underlying funds may invest in investment vehicles which do not permit holdings to be redeemed on either as frequent a basis as that applying to the Funds or on the same day as the Funds. In the absence of published current redemption prices or net asset values the Directors may have to determine valuations in respect of such investments. Adequate information may not always be available to the Manager or the Investment Manager from underlying funds or other sources for that purpose and consequently such valuations may not accurately reflect the realisable value of the Funds' holdings on the next dealing day of the underlying fund concerned or the value that would have been received by the Funds had those holdings been realised on that day.

(vii) Interest Rate and Currency Risk

The net asset value per unit of a Fund will be computed in the base currency of the relevant Fund whereas the investments held for the account of that Fund may be acquired in other currencies. The value in terms of the relevant base currency of the investment of a Fund, where designated in any other currency, may rise and fall due to currency exchange rate fluctuations of individual currencies, such that the net asset value of a Fund will change in response to such fluctuations. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The performance of investments in securities denominated in a specific currency will also depend on the interest rate environment in the country issuing the currency. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed income securities generally can be expected to decline.

(viii) Leverage

A Fund may be able to use leverage, including through use of derivative instruments, in accordance with its investment objective and strategy as set out in Appendix 1 and subject to the investment restrictions set out in Appendix 3.

Leverage will generally be generated by using derivatives that are inherently leveraged due to the relatively small amount of deposit required to open a position, including among others, forward contracts, futures contracts, options and swaps. A relatively small market movement may therefore have a potentially larger impact on derivatives than on standard bonds or equities, with the result that leveraged derivative positions may increase Fund volatility.

The Funds may have higher levels of leverage in atypical or volatile market conditions, for example when there are sudden movements in investment prices due to difficult economic conditions in a sector or region. In such circumstances, the Manager or its delegate may increase its use of derivatives in a Fund in order to reduce the market risk to which that Fund is exposed, this, in turn, would have the effect of increasing its levels of leverage.

Leverage may also take the form of trading on margin, which will result in interest charges and, depending on the amount of trading activity, such charges could be substantial. The level of interest rates generally, and the rates at which a Fund can borrow in particular, will affect the operating results of that Fund.

In general, the anticipated use of short-term margin borrowings may result in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure a Fund's margin accounts decline in value, a Fund could be subject to a "margin call", pursuant to which a Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of a Fund's assets, a Fund might not be able to liquidate assets quickly enough to pay off its margin debt. Whether any margin deposit will be required for over-the-counter ("OTC") options and other OTC instruments, such as currency forwards, swaps and certain other derivative instruments, will depend on the credit determinations and specific agreements of the parties to the transaction, which are individually negotiated. Low margin deposits are indicative of the fact that any trading in certain derivatives markets is typically accompanied by a high degree of leverage. Low margin deposits mean that a relatively small adverse price movement in a contract may result in immediate and substantial losses to the investor. For example, if at the time of purchase ten percent of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the value of margin deposit before any deduction for the brokerage commission. Thus, like other leveraged investments, any purchase or sale of a futures contract, forward or other derivatives may result in losses in excess of the amount invested.

Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the net asset value of the units in a Fund to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the net asset value of the units in a Fund may decrease more rapidly than would otherwise be the case. Any event which adversely affects the value of an investment made by a Fund would be magnified to the extent that Fund is leveraged.

(ix) Liquidity Risk

Liquidity risk exists when the sale of assets or exit of trading positions is impaired by such factors as decreased trading volume, increased price volatility, industry and government regulations, and overall position size and complexity. It may be impossible or costly for a Fund to liquidate positions rapidly particularly if there are other market participants seeking to dispose of similar assets at the same time or the relevant market is otherwise moving against a position or in the event of trading halts or daily price movement limits on the market or otherwise. Derivative transactions that are particularly large or traded off market (i.e. over the counter) and bonds traded in the secondary market may be less liquid and it may be difficult to achieve fair value on transactions (see 'Valuation Risk'). Closing positions held in the secondary markets prematurely, for instance to meet client redemption requests, can result in increased transaction costs which will be reflected in the investment returns.

(x) Legal and Regulatory Risk

Legal, tax and regulatory changes could occur during the term of a Fund.

Over recent years global financial markets have undergone pervasive and fundamental disruption and regulators in many jurisdictions have implemented or proposed a number of regulatory measures and may continue to do so. For example, the regulatory and tax environment for derivative instruments is evolving, and changes in the regulation or taxation of derivative instruments may adversely affect the value of derivative instruments held by a Fund and the ability of a Fund to pursue its trading strategies (by way of example short selling bans). Further, legislation and regulation may render a transaction, to which a Fund is a party, void or unenforceable.

These interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been detrimental to the efficient functioning of financial markets. It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed in the future and/or the effect of such restrictions on global markets and the Manager's ability to implement a Fund's investment objectives.

(xi) Market Risk

The price of a Fund's investments, including, without limitation, fixed income securities, equities and all derivative instruments, can be highly volatile. Price movements of fixed income securities, equities, forward contracts, derivatives contracts and other instruments in which a Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies (see 'Legal and Regulatory Risk'). Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations (see 'Interest Rate and Currency Risk'). Additionally, prices of equities fluctuate daily and can be influenced by many micro and macro factors such as political and economic news, corporate earnings report, demographic trends and catastrophic events. The value of equities will go up and down and the value of a Fund investing in equities could incur significant losses.

(xii) New Issues

Funds may invest in initial public offerings or new debt issues. The prices of securities involved in initial public offerings or new debt issues are often subject to greater and more unpredictable price changes than more established securities.

(xiii) Settlement Risk

Settlement risk is the risk that a counterparty fails to deliver the terms of a contract (i.e. defaults at settlement) and of any timing differences in settlement between the two parties. Each Fund bears the risk of settlement default due to exposure to the risk of default of certain counterparties (see 'Credit Risk' and 'Counterparty Risk'). In addition, market practices in relation to the settlement of transactions and the custody of assets could provide increased risks (see also 'Market Risk' and 'Legal and Regulatory Risk').

(xiv) Tax

The information provided in section 24 is based, to the best knowledge of the Manager, upon tax law and practice as at the date of this Prospectus. Tax legislation, the tax status of the Manager and the Funds, the taxation of unitholders and any tax reliefs, and the consequences of such tax status and tax reliefs, may change from time to time. Any change in the taxation legislation in UK or in any jurisdiction where a Fund is registered, marketed or invested could affect the tax status of the Funds, affect the value of the relevant Fund's investments in the affected jurisdiction, affect the relevant Fund's ability to achieve its investment objective, and/or alter the post-tax returns to unitholders. Where the Fund invests in derivatives the preceding sentence may also extend to the jurisdiction of the governing law of the derivative contract and/or the derivative counterparty and/or to the market(s) comprising the underlying exposure(s) of the derivative.

Where a Fund intends to qualify for and/or maintain a particular classification for tax purposes, that Fund may be required to comply with prescribed asset allocation rules in order to meet and/or maintain that classification. This may result in a Fund investing in particular asset classes in accordance with such rules. For example, in order to meet the 'qualifying investments' test and therefore be classified as a bond fund, a Fund must have more than 60% of the market value of its holdings in 'qualifying investments' such as government and corporate debt securities (as described further in section 24) and may be required, amongst other things, to omit exposure to property. Notwithstanding the tax classification, the Investment Manager and/or Investment Advisers shall have the discretion to manage each Fund as they see fit in accordance with that Fund's investment objective and policy and applicable investment restrictions. There is no guarantee that a Fund will qualify for, or maintain, any particular tax classification in respect of any given accounting period.

The availability and value of any tax reliefs available to unitholders depend on the individual circumstances of unitholders. The information in section 24 is not exhaustive and does not constitute legal or tax advice. Prospective investors are urged to consult their tax advisors with respect

to their particular tax situations and the tax effects of an investment in the Funds.

Where a Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, for example jurisdictions in the Middle East, the relevant Fund, the Manager, the Investment Manager, the Trustee and the administrator shall not be liable to account to any unitholder for any payment made or suffered by the relevant Fund in good faith to a fiscal authority for taxes or other charges of the Fund notwithstanding that it is later found that such payments need not or ought not have been made or suffered. Conversely, where through fundamental uncertainty as to the tax liability, adherence to best or common market practice (to the extent that there is no established best practice) is subsequently challenged or the lack of a developed mechanism for practical and timely payment of taxes, the relevant Fund pays taxes relating to previous years, any related interest or late filing penalties will likewise be chargeable to the Fund. Such late paid taxes will normally be debited to the Fund at the point the decision to accrue the liability in the Fund accounts is made.

(xv) Valuation Risk

Financial instruments that are illiquid and/or not publicly traded may not have readily available prices and may therefore be difficult to value. Dealer supplied quotations or pricing models developed by third parties, the Manager, its affiliates and/or delegates, may be utilised in valuations and the calculation of the net asset value of each Fund. Such methodologies may be based upon assumptions and estimates that are subject to error. Investors should be aware that in these circumstances a possible conflict of interest may arise, as the higher the estimated valuation of the securities the higher the fees payable to the Manager, Investment Manager or the administrator. Any party providing valuation services may, in the absence of its negligence, be indemnified out of the property of the relevant Fund from all claims and losses which such party may incur directly or indirectly arising out of or in connection with the performance of such valuation services. In addition, given the nature of such investment, determinations as to their fair value may not represent the actual amount that will be realised upon the eventual disposal of such investments.

(xvi) Cybersecurity

The Funds or any of the service providers, including the Manager and the Investment Manager, may be subject to risks resulting from cybersecurity incidents and/or technological malfunctions. A cybersecurity incident is an event that may cause a loss of proprietary information, data corruption or a loss of operational capacity. Cybersecurity incidents can result from deliberate cyber attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g. through hacking or malicious software coding) for the purposes of misappropriating assets or sensitive information, corrupting data, releasing confidential information without authorisation or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites, which may make network services unavailable to intended users. The issuers of securities and counterparties to other financial instruments in which a Fund invests may also be subject to cybersecurity incidents.

Cybersecurity incidents may cause a Fund to suffer financial losses, interfere with a Fund's ability to calculate its NAV, impede trading, disrupt the ability of investors to subscribe for, exchange or redeem their units, violate privacy and other laws and incur regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Cyber-attacks may render records of assets and transactions of a Fund, unitholder ownership of units, and other data integral to the functioning of a Fund inaccessible, inaccurate or incomplete. In addition, substantial costs may be incurred in order to prevent any cybersecurity incidents in the future which may adversely impact a Fund.

While the Manager and the Investment Manager have established business continuity plans and risk management strategies to seek to prevent cybersecurity incidents, there are inherent limitations in such plans and strategies, including the possibility that certain risks have not been identified given the evolving nature of the threat of cyber-attacks. Furthermore, none of the Funds, the Manager or the Investment Manager can control the business continuity plans or cybersecurity strategies put in place by other service providers to a Fund or issuers of securities and counterparties to other financial instruments in which a Fund invests. The Manager relies on its third party service providers for many of its day-to-day operations and will be subject to the risk that the protections and policies implemented by those service providers will be ineffective to protect the Manager or the Funds from cyber-attack.

(xvii) Impact of Natural or Man-Made Disasters and Disease Epidemics

Certain regions are at risk of being affected by natural disasters or catastrophic natural events. Considering that the development of infrastructure, disaster management planning agencies, disaster response and relief sources, organised public funding for natural emergencies, and natural disaster early warning technology may be immature and unbalanced in certain countries, the natural disaster toll on an individual portfolio company or the broader local economic market may be significant. Prolonged periods may pass before essential communications, electricity and other power sources are restored and operations of the portfolio company can be resumed. An underlying fund's investments could also be at risk in the event of such a disaster. The magnitude of future economic repercussions of natural disasters may also be unknown, may delay an underling fund's ability to invest in certain companies, and may ultimately prevent any such investment entirely.

Investments may also be negatively affected by man-made disasters. Publicity of man-made disasters may have a significant negative impact on overall consumer confidence, which in turn may materially and adversely affect the performance of an underlying fund's investments, whether or not such investments are involved in such man-made disaster.

Outbreaks of infectious diseases may also have a negative impact on the performance of the underlying funds. For example, the infectious respiratory illness caused by a novel coronavirus known as COVID-19 has had a profound impact on all aspects of society since it was first detected in December 2019. COVID-19 has had long term adverse effects on the economies of many nations across the entire global economy (with this impact being greater where vaccination rates are lower) and this in turn may continue to impact investments held by the Funds.

It is possible that there may be similar outbreaks of other infectious diseases in the future. The impact of COVID-19, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. In addition, the impact of infectious diseases in emerging developing or emerging market countries may be greater due to less established health care systems. Health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries. The impact of the outbreak may be short term or may last for an extended period of time. Such events could increase volatility and the risk of loss to the value of your investments.

(b) **Risks associated with investment techniques**

(i) Delayed Delivery Transactions

Each Fund that invests in fixed income transferable securities may purchase "To Be Announced" securities ("**TBAs**"), for example US mortgages. This generally refers to a forward contract on a pool of mortgages in which the specific mortgages are not announced and allocated prior to a specified delivery date. TBAs are not settled at the time of purchase, which may lead to leveraged positions within a Fund. Purchasing a TBA involves a risk of loss if the value of the security to be purchased declines prior to the settlement date and exposes a Fund to additional counterparty default risk. A Fund may dispose of a commitment prior to settlement if it is deemed appropriate to do so. Proceeds of TBA sales are not received until the contractual settlement date.

(ii) Derivatives (General)

In accordance with the investment restrictions set out in Appendix 3, each of the Funds may use derivatives for the purposes of "Efficient Portfolio Management" (also known as "**EPM**") in order to reduce risk and/or costs and/or generate additional income or capital for each of the Funds, as further described in Appendix 3.

In addition to using derivatives for the purposes of EPM and/or to hedge market and currency risk for the purposes of EPM, the each Fund may use complex derivative strategies in pursuit of its investment objective and policy, as set out in Appendix 1.

The use of derivatives may expose any Fund to a certain degree of risk. These risks may include credit risk with regard to counterparties with whom a Fund trades, the risk of settlement default, lack of liquidity of the derivative, imperfect tracking between the change in value of the derivative and the change in value of the underlying asset that the relevant Fund is seeking to track and greater transaction costs than investing in the underlying assets directly.

In accordance with standard industry practice when purchasing derivatives, a Fund may be required to secure its obligations to its counterparty. For non-fully funded derivatives, this may involve the placing of initial and/or variation margin assets with the counterparty. For derivatives which require a Fund to place initial margin assets with a counterparty, such assets may not be segregated from the counterparty's own assets and, being freely exchangeable and replaceable, that Fund may have a right to the return of equivalent assets rather than the original margin assets deposited with the counterparty. These deposits or assets may exceed the value of the relevant Fund's obligations to the counterparty in the event that the counterparty requires excess margin or collateral. In addition, as the terms of a derivative may provide for one counterparty to provide collateral to the other counterparty to cover the variation margin exposure arising under the derivative only if a minimum transfer amount is triggered, a Fund may have an uncollateralised risk exposure to a counterparty under a derivative up to such minimum transfer amount.

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 and leveraged positions can therefore increase Fund volatility. Whilst the Funds will not borrow money to leverage they may for example take synthetic short positions through derivatives to adjust their exposure, always within the restrictions provided for in Appendix 3.

Certain Funds may enter into long positions executed using derivatives such as futures positions including currency forwards. Additional risks associated with investing in derivatives may include a counterparty breaching its obligations to provide collateral, or due to operational issues (such as time gaps between the calculation of risk exposure to a counterparty's provision of additional collateral or substitutions of collateral or the sale of collateral in the event of a default by a counterparty), there may be instances where a Fund's credit exposure to its counterparty under a derivative contract is not fully collateralised but each Fund will continue to observe the limits set out in Appendix 3. The use of derivatives may also expose a Fund to legal risk, which is the risk of loss resulting from changing laws or from the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

Funds may use derivatives to facilitate complex management techniques. In particular, this may involve:

(i) using swap contracts to adjust interest rate risk;
(ii) using currency derivatives to buy or sell currency risk;
(iii) buying and selling options for investment purposes;
(iv) using credit default swaps to buy or sell credit risk;
(v) using volatility derivatives to adjust volatility risk;
(vi) using contracts for difference to gain market exposure;
(vii) using synthetic short positions to take advantage of any negative investment views; and
(viii) using synthetic long positions to gain market exposure.

Market leverage obtained through derivatives is expressed through a Fund's gross market exposure to the underlying reference assets of the derivatives contracts. Gross market exposure may vary although, a Fund's global exposure, which is the aggregate sum of its obligations under the derivative contracts, shall not exceed the total net value of the Fund. Furthermore, a Fund's overall risk exposure will remain within the limits imposed by the COLL Sourcebook, as further described in Appendix 3. The Manager's current policy concerning the use of derivatives to gain market leverage is disclosed within the relevant product literature which is available on request.

Where derivative instruments are used in this manner the overall risk profile of a Fund may be increased. Accordingly the Manager will employ a risk-management process which enables the Manager to monitor and measure at any time the risk of the derivative positions and their contribution to the overall risk profile of a Fund. In these circumstances, the Manager applies a "Value at Risk" approach to calculate a Fund's global exposure and to ensure it complies with the investment restrictions set out in Appendix 3.

The Manager uses a risk management process, to monitor and measure as frequently as appropriate the risk of a Fund's portfolio and contribution of the underlying investments to the overall risk profile of the Fund.

Where consistent with its investment objectives and policy a Fund may utilise, directly or indirectly (for example through investment in another fund) a variety of exchange traded and OTC derivative instruments including, call options, put options, stock index options, credit default swaps, credit linked notes, equity default swaps, total return swaps, asset swaps, interest rate swaps, contracts for difference, swaptions, warrants, forward contracts and future contracts, for hedging purposes and to reduce risk.

Losses in excess of the amount invested may be incurred from investment in such derivative instruments due to low margin deposits creating leverage which is typically associated with investment in such instruments. These instruments may be sensitive to small price movements, may be considered illiquid and could be difficult to price under certain market conditions.

(iii) Derivative Strategies

A Fund's exposure to derivative strategies will mainly be obtained directly or indirectly through related: (i) transferable securities and money-market instruments; (ii) units of closed-ended investment companies; (iii) financial instruments linked or backed to the performance of underlying financial instruments; (iv) UCITS and/or other undertakings for collective investment investing in these strategies and financial instruments; and (v) financial derivatives instruments on these financial instruments.

The strategies may involve a degree of illiquidity (see 'Liquidity Risk') as well as a potentially high level of leverage, and be represented by physical and/or synthetic short selling. Their magnitude will depend on the exposure taken by the relevant Fund and certain or unexpected market conditions.

(iv) Forward Contracts

The Manager or its delegates may enter into forward contracts and options on behalf of a Fund which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Counterparties with whom a Fund may maintain accounts may require a Fund to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. A Fund's counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration (see 'Liquidity Risk'). There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, which potentially reduces liquidity (see 'Liquidity Risk'). The imposition of credit controls by governmental authorities might limit such forward trading to less than that which the Manager would otherwise recommend, to the possible detriment of a Fund (see 'Legal and Regulatory Risk'). Additionally, disruptions can occur in any market traded by a Fund due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to a Fund. In addition, a Fund may be exposed to credit risks with regard to counterparties with whom it trades as well as risks relating to settlement default (see 'Credit Risk', 'Counterparty Risk' and 'Settlement Risk'). Such risks could result in substantial losses to a Fund.

(v) Futures

Futures are standardised contracts between two parties to buy or sell a specified asset or index with a standardised quantity for a price agreed upon today with delivery and payment occurring at a future delivery date.

They are negotiated on an exchange acting as an intermediary between parties.

A Fund may enter into futures transactions as either the buyer or seller and may combine them to form a particular trading strategy as well as use futures for reducing an existing risk.

Futures positions may be illiquid (see 'Liquidity Risk') because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations or an exchange or the Commodity Futures Trading Commission may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Investments in futures may also involve the following non-exhaustive list of risks see 'Market Risk', 'Settlement Risk'.

(vi) Hedging Techniques

Hedging techniques could involve a variety of derivative transactions (see 'Derivatives (General)'). As a result, hedging techniques involve different risks than those of underlying investments, including liquidity risk and the potential for loss in excess of the amount invested. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of a Fund's positions. In addition, although the contemplated use of these techniques should minimize the risk of loss due to a decline in the value of the hedged position, at the same time they may limit any potential gains resulting from an increase in the value of such positions. The ability of a Fund to hedge successfully will depend on the Manager's, or its delegate's, ability to predict pertinent market movements, and as a consequence there can be no assurance that hedging transactions will be successful in protecting against adverse market and/or currency movements.

(vii) Investment in UK UCITS and/or Other Collective Investment Schemes

A Fund may invest a proportion of its scheme property (subject to the limits set out in section 4 of Appendix 3) in the units of UK UCITS and/or other collective investment schemes that are managed by the Manager or by an associate (as defined by the FCA) in which case no subscription or redemption fees may be charged to the Funds in accordance with the rules in the COLL Sourcebook. In addition, in relation to UK UCITS and/or other collective investment schemes managed by the Manager or by an associate (as defined by the FCA), either no annual management charge will be charged to the Funds or a full retrocession of the annual management charge shall be returned to the Funds. However, where a Fund invests in units of UK UCITS and/or other collective investment schemes not managed by the Manager or by an associate (i.e. managed by a third party manager), it may be required to pay subscription or redemption fees and any other fees (including management fees).

(viii) Options

An option is the right (but not the obligation) to buy or sell a particular asset or index at a stated price at some date in the future. In exchange for the rights conferred by the option, the option buyer has to pay the option seller a premium for carrying on the risk that comes with the obligation. The option premium depends on the strike price, volatility of the underlying, as well as the time remaining to expiration. Options may be listed or dealt in OTC.

A Fund may enter into option transactions as either the buyer or seller of this right and may combine them to form a particular trading strategy as well as use options for reducing an existing risk.

If the Manager or its delegate is incorrect in its expectation of changes in the market prices or determination of the correlation between the instruments or indices on which the options are written or purchased and the instruments in a Fund's investment portfolio, that Fund may incur losses that it would not otherwise incur.

The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing his entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sale price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

Investment in options may involve the following non-exhaustive list of risks, see 'Market Risk', 'Settlement Risk', 'Counterparty Risk', 'Liquidity Risk'. Their magnitude will depend on the exposure taken by a Fund and certain or unexpected market conditions.

(ix) OTC Transactions

There is less governmental regulation and supervision of transactions in OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies and other types of derivative instruments are generally traded) than organised stock exchanges. Many of the protections afforded to transactions on organised exchanges such as the performance guarantee of an exchange clearing house may not exist for OTC transactions. The risk of counterparty default therefore exists (see 'Counterparty Risk' and 'Credit Risk').

The Manager or its delegates will continuously assess the credit and counterparty risk as well as the potential risk, which for trading activities is the risk resulting from adverse movements in the level of volatility of market prices and will assess the hedging effectiveness on an ongoing basis. They will define specific internal limits applicable to these kinds of operations and monitor the counterparties accepted for these transactions. Further, in contrast to exchange traded instruments, forward, spot and option contracts on currencies do not provide the Manager or its delegate with the possibility to offset a Fund's obligations through an equal and opposite transaction. For this reason when entering into forward, spot or options contracts, a Fund may be required and must be able to perform its obligations under the contracts.

(x) Short Selling

A Fund may engage in short selling. Short selling involves selling securities which may be owned, or may not be owned and borrowing the same securities with an obligation to replace the borrowed securities at a later date, for delivery to the purchaser. Short selling allows the investor to profit from a decline in the value of securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position.

Typically funds introduce short selling by selling the physical stock, or using instruments such as swaps, futures and options.

(xi) Swap Transactions

Swap transactions are privately negotiated OTC derivative products in which two parties agree to exchange payment streams of a notional amount in relation to an asset or index.

The notional amount is usually not exchanged between counterparties. By consequence, cash or collateral may be required.

Swaps transactions can typically either be in the form of a credit default swap, a contract for difference, an interest rate swap, a total return swap and an interest rate swaption. A Fund may enter into swap transactions as either the buyer or seller of this right and may combine them to form a particular trading strategy as well as using swap transactions for reducing an existing risk.

A credit default swap allows the transfer of default risk. This allows investors to effectively buy insurance on a bond they hold (hedging the investment) or buy protection on a bond they do not physically own where the investment view is that the stream of coupon payments required will be less than the payments received due to the decline in credit quality.

A contract for difference is a contract between two parties, typically described as the buyer and the seller stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at contract time (if the difference is negative, the buyer pays the seller instead).

Interest rate swaps involve an exchange with another party of respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Currency swaps may involve the exchange of rights to make or receive payments in specified currencies. Total return swaps involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments.

Where a Fund enters into interest rate or total return swaps on a net basis, the two payment streams are netted out, with each party receiving or paying, as the case may be, only the net amount of the two payments. Interest rate or total return swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that a Fund is contractually obligated to make (or in the case of total return swaps, the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments). If the other party to an interest rate or total return swap defaults, in normal circumstances each Fund's risk of loss consists of the net amount of interest or total return payments that each party is contractually entitled to receive. In contrast, currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency. Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.

Certain Funds may also buy or sell interest rate swaption contracts. These give the purchaser the right, but not the obligation to enter into an interest rate swap at a preset interest rate within a specified period of time.

If the Manager or its delegate is incorrect in its forecasts of market values, interest rates and currency exchange rates, the investment performance of a Fund would be less favourable than it would have been if these investment techniques were not used.

Illiquidity in the swaps market may prevent a Fund from being able to roll its swap positions on expiry which in turn may result in a Fund being temporarily unable to pursue its investment objective. In addition the market for credit default swaps may sometimes be more illiquid than bond markets (see 'Liquidity Risk').

The investment in options may also involve the following non-exhaustive list of risks; see 'Market Risk', 'Credit Risk', 'Counterparty Risk'. Their magnitude will depend on the exposure taken by the relevant Fund and certain or unexpected market conditions.

(xii) When Issued and Forward Commitment Securities

A Fund may purchase "when-issued" securities and may contract to purchase or sell securities for a fixed price at a future date beyond the usual settlement time. When-issued securities are securities that have been authorised, but not yet received and can be used to hedge against anticipated changes in interest rates and prices or for speculative purposes.

Forward commitment transactions involve a commitment by a Fund to purchase or sell securities at a future price and date.

The purchase of such securities involves the risk of the value of the security being purchased declining before the purchase date. Equally the sale of securities on a forward commitment basis can expose a Fund to the risk of the value of the security being sold increasing prior to settlement. Such securities may be disposed of prior to settlement if deemed appropriate by the Manager.

(c) **Fund specific risk factors**

The above risks should be considered for all Funds. There are other risks that unitholders should also bear in mind when considering investment into specific Funds. The table in this section indicates those risks that should be considered in respect of a Fund and the risk factors are detailed below.

(i) ***Emerging Markets / Frontier Markets***

The following considerations, which apply to some extent to all international investments, are of particular significance in certain smaller, emerging and frontier markets. Funds investing in equities (see Appendix 1) may include investments in certain smaller, emerging and frontier markets, which are typically those of poorer or less developed countries which exhibit lower levels of economic and/or capital market development, and higher levels of share price and currency volatility. The prospects for economic growth in a number of these markets are considerable and equity returns have the potential to exceed those in mature markets as growth is achieved. However, share price and currency volatility are generally higher in emerging and frontier markets.

Some governments exercise substantial influence over the private economic sector and the political and social uncertainties that exist for many developing countries are particularly significant. Another risk common to most such countries is that the economy is heavily export oriented and, accordingly, is dependent upon international trade.

The existence of overburdened infrastructures and obsolete financial systems also presents risks in certain countries, as do environmental problems which may be exacerbated by climate change. Certain economies also depend to a significant degree upon exports of primary commodities and, therefore, are vulnerable to changes in commodity prices which, in turn, may be affected by a variety of factors.

In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition to withholding taxes on investment income, some emerging and frontier markets may impose different capital gains taxes on foreign investors.

Generally accepted accounting, auditing and financial reporting practices in emerging and frontier markets may be significantly different from those in developed markets. Compared to mature markets, some emerging and frontier markets may have a low level of regulation, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on material non-public information by certain categories of investor.

The securities markets of developing countries are not as large as the more established securities markets and have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and pricing of a Fund's acquisition or disposal of securities.

Practices in relation to settlement of securities transactions in emerging and frontier markets involve higher risks than those in developed markets, in part because a Fund will need to use brokers and counterparties which are less well capitalised, and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if a Fund is unable to acquire or dispose of a security. The Trustee is responsible for the proper selection and supervision of its correspondent banks and sub-custodians in all relevant markets in accordance with UK law and regulation.

In certain emerging and frontier markets, registrars are not subject to effective government supervision nor are they always independent from issuers. The possibility of fraud, negligence, undue influence being exerted by the issuer or refusal to recognise ownership exists, which, along with other factors, could result in the registration of a shareholding being completely lost. Investors should therefore be aware that the Funds concerned could suffer loss arising from these registration problems, and as a result of archaic legal systems a Fund may be unable to make a successful claim for compensation.

While the factors described above may result in a generally higher level of risk with respect to the individual smaller, emerging and frontier markets, these may be reduced when there is a low correlation between the activities of those markets and/or by the diversification of investments within the relevant Fund.

Investments in Russia are currently subject to certain heightened risks with regard to the ownership and custody of securities. In Russia, this is evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Trustee). No certificates representing ownership of Russian companies will be held by the Trustee or any correspondent or in an effective central depositary system. As a result of this system and the lack of state regulation and enforcement, a Fund could lose its registration and ownership of Russian securities through fraud, negligence or even mere oversight. As a result of Russia's actions in Crimea, as at the date of this prospectus, the United States, European Union and other countries has imposed sanctions on Russia. The scope and level of the sanctions may increase and there is a risk that this may adversely affect the Russian economy and result in a decline in the value and liquidity on Russian securities, a devaluation of the Russian currency and/or a downgrade in Russia's credit rating. These sanctions could also lead to Russia taking counter measures more broadly against Western and other countries. Depending on the form of action which may be taken by Russia and other countries, it could become more difficult for the funds with exposure to Russian to continue investing in Russia and/or to liquidate Russian investments and expatriate funds out of Russia. Measures taken by the Russian government could include freezing or seizure of Russian assets of European residents which would reduce the value and liquidity of any Russian assets held by the Funds. If any of these events were to occur, the directors of the Manager may (at their discretion) take such action as they consider to be in the interests of investors in the Funds which have investment exposure to Russian, including (if necessary) suspending trading in the Funds (see section 12(f) for more details).

Any Fund investing directly in local Russian stock will limit its exposure to no more than 10% of its net asset value, except for investment in securities listed on MICEX-RTS which have been recognised as being regulated markets.

(ii) ***Fixed Income Transferable Securities***

Debt securities are subject to both actual and perceived measures of creditworthiness. The amount of credit risk is measured by the issuer's credit rating which is assigned by one or more independent rating agencies. This does not amount to a guarantee of the issuer's creditworthiness but provides a strong indicator of the likelihood of default. Securities which have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. Companies often issue securities which are ranked in order of seniority which in the event of default would be reflected in the priority in which investors might be paid back. The "downgrading" of a rated debt security or adverse publicity and investor perception, which may not be based on fundamental analysis, could decrease the value and liquidity of the security, particularly in a thinly traded market.

Non-investment grade debt may be highly leveraged and carry a greater risk of default.

A Fund may be affected by changes in prevailing interest rates and by credit quality considerations. Changes in market rates of interest will generally affect a Fund's asset values as the prices of fixed rate securities generally increase when interest rates decline and decrease when interest rates rise. Prices of shorter-term securities generally fluctuate less in response to interest rate changes than do longer-term securities. An economic recession may adversely affect an issuer's financial condition and the market value of high yield debt securities issued by such entity. The issuer's ability to service its debt obligations may be adversely affected by specific issuer developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. In the event of bankruptcy of an issuer, a Fund may experience losses and incur costs. In addition, non-investment grade securities tend to be more volatile than higher rated fixed-income securities, so that adverse economic events may have a greater impact on the prices of non-investment grade debt securities than on higher rated fixed-income securities.

(iii) Restrictions on Foreign Investment

Some countries prohibit or impose substantial restrictions on investments by foreign entities such as a Fund. As illustrations, certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of a Fund. For example, a Fund may be required in certain of such countries to invest initially through a local broker or other entity and then have the share purchases re-registered in the name of the Fund. Re-registration may in some instances not be able to occur on a timely basis, resulting in a delay during which a Fund may be denied certain of its rights as an investor, including rights to dividends or to be made aware of certain corporate actions. There also may be instances where a Fund places a purchase order but is subsequently informed, at the time of re-registration, that the permissible allocation to foreign investors has been filled, depriving that Fund of the ability to make its desired investment at the time. Substantial limitations may exist in certain countries with respect to a Fund's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. A Fund could be adversely affected by delays in, or a refusal to grant any required governmental approval for repatriation of capital, as well as by the application to the Fund of any restriction on investments. A number of countries have authorised the formation of closed-end investment companies to facilitate indirect foreign investment in their capital markets. Shares of certain closed-end investment companies may at times be acquired only at market prices representing premiums to their net asset values. If a Fund acquires shares in closed-end investment companies, unitholders would bear both their proportionate share of expenses in the Fund (including management fees) and, indirectly, the expenses of such closed end investment companies.

(iv) Smaller Capitalisation Companies

The securities of smaller companies tend to be more volatile and less liquid than the securities of large companies. As securities of smaller companies may experience more market price volatility than securities of larger companies, the net asset value of any Funds which invest in smaller companies may reflect this volatility. Smaller companies, as compared with larger companies, may have a shorter history of operations, may not have as great an ability to raise additional capital, may have a less diversified product line making them susceptible to market pressure and may have a smaller public market for their securities.

Investment in smaller companies may involve relatively higher investment costs and accordingly investment in Funds which invest in smaller companies should be viewed as a long-term investment. Such Funds may however dispose of an investment made by it within a relatively short period of time, for example, to meet requests for redemption of units. As a result of the above risks, a Fund's investments can be adversely affected and the value of your investments may go up or down.

(v) Sovereign Debt

Certain countries are large debtors. Investment in debt obligations ("**Sovereign Debt**") issued or guaranteed by governments or their agencies and instrumentalities ("**governmental entities**") may involve a high degree of risk. The governmental entities that control the repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject.

Governmental entities may also be dependent on expected disbursements from other governments, multilateral agencies and others to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their Sovereign Debt. Holders of Sovereign Debt, including a Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which Sovereign Debt on which a governmental entity has defaulted may be collected in whole or in part.

(vi) Investment in the PRC

PRC Economic Risks

The economy in the PRC, which has been in a state of transition from a planned economy to a more market orientated economy, differs from the economies of most developed countries and investing in the PRC may be subject to greater risk of loss than investments in developed markets, due, among other factors, to greater market volatility, lower trading volume, political and economic instability and greater limitations on foreign investment policy than those typically found in a developed market. There may be substantial government intervention in the PRC economy, including restrictions on investment in companies or industries deemed to be sensitive to relevant national interests. The PRC government and regulators may also intervene in the financial markets, such as by the imposition of trading restrictions, which may affect the trading of Chinese securities. The Chinese companies in which the relevant Stock Connect Funds invest may be held to lower disclosure, corporate governance, accounting and reporting standards than companies in more developed markets. In addition, some of the securities held by the Funds investing in China may be subject to foreign ownership limits, the imposition of withholding or other taxes, or may have liquidity issues which make such securities more difficult to sell.

The PRC economy has recently experienced significant and rapid growth. However, such growth may or may not continue, and may not apply evenly across different geographic locations and sectors of the PRC economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth of the PRC economy. Furthermore, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities markets in China and therefore on the performance of the Funds investing in China.

These factors may increase the volatility of any such Fund (depending on its degree of investment in the PRC) and hence the risk of loss to the value of your investment.

PRC Political Risks

Any political changes, social instability and adverse diplomatic developments which may take place in or in relation to the PRC could result in the imposition of additional governmental restrictions including expropriation of assets or confiscatory taxes. Investors should also note that any change in the policies of the government and relevant authorities of the PRC may adversely impact the securities markets in the PRC as well as the performance of the Funds investing in China.

Legal System of the PRC

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but do not have precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial law, and progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, because of the limited volume of published cases and judicial interpretation and their non-binding nature, the interpretation and enforcement of these regulations involves significant uncertainties. Such regulations also empower the CSRC and SAFE to exercise discretion in their respective interpretation of the regulations, which may result in uncertainties in their application.

Potential market volatility risk

Investors should note that the Shanghai Stock Exchange and Shenzhen Stock Exchange on which China A Shares and China onshore bonds are traded are undergoing development. Market volatility may result in significant fluctuation in the prices of securities traded on such markets, which would therefore impact upon the Net Asset Value of Funds investing in China.

Accounting and Reporting Standards

PRC companies are required to follow PRC accounting standards and practices which follow international accounting standards to a certain extent. However, the accounting, auditing and financial reporting standards and practices applicable to PRC companies may be less rigorous, and there may be significant differences between financial statements prepared in accordance with the PRC accounting standards and practice and those prepared in accordance with international accounting standards. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

Taxation in the PRC

A 10% PRC withholding tax is applicable to the payment of dividends and interest to foreign investors by PRC listed companies. From a technical perspective, withholding tax is also legally applicable to capital gains realised by foreign investors on the disposal of China A Shares under the Corporate Income Tax. However, before the release of its Caishui ("Circular") 79, the PRC tax authorities had not been reported to have sought in practice to collect such withholding tax on capital gains realised by foreign investors on the disposal of China A Shares.

Circulars 79 and 81 were released by the PRC tax authorities on 14 November 2014 in anticipation of the launch of the Stock Connect and in response to market concerns on the capital gains tax treatment of trading activity under this new programme and its comparability to the existing QFII/ RQFII regime. Under Circulars 79 and 81, capital gains realised on or after 17 November 2014 by foreign investors including QFIIs and RQFIIs from the disposal of China A Shares, including PRC "land-rich" companies (i.e. companies that have derived more than 50% of their value from immovable property located in the PRC at any time in the 3 years prior to the disposal), are temporarily exempt from Chinese

taxation. The duration of this period of temporary exemption is not stated in either Circular 79 or 81 and is subject to termination by the PRC tax authorities with or without notice.

If the exemptions available under Circulars 79 and 81 are removed or modified, there is a risk that the PRC tax authorities may seek to collect tax on capital gains realised on a Fund's investments in China A Shares. The resultant tax liability would be that of a Fund and so, ultimately, its investors', in that the Net Asset Value of a Fund would be adversely impacted by such adjustments to a Fund's tax exposure in the PRC.

Any Chinese tax liability of a Fund arising in respect of capital gains on China A Shares may be mitigated under the terms of an applicable tax treaty. The PRC tax authorities have not issued clear guidance on a number of criteria relevant to determining eligibility for treaty benefits and the position remains untested in practice. There remains a risk, therefore, that the PRC tax authorities could consider a Fund not to be eligible for the tax treaty provisions and seek to tax capital gains realised on the sale of any of a Fund's China A Shares.

It should be noted that it is the investors in a Fund at the time that any tax liability in respect of capital gains on China A Shares is recognised that will be affected by the consequent adjustments to the Fund's Net Asset Value. This is regardless of whether these investors were invested in the Fund at the time of the disposal of the China A Shares and consequent recognition of the related capital gains in the Net Asset Value. There will be no retrospective restatement of the Fund's Net Asset Value.

To the extent that a Fund uses swaps and/or other derivatives to achieve its investment objective, such instruments may include a provision whereby a Fund undertakes to keep the relevant counterparty fully or partially indemnified for any prospective or retrospective tax liability that it may suffer either directly or indirectly as a result of the relevant counterparty's direct or indirect holding of, interest in, or dealing in China A Shares or China onshore bonds for the purpose of hedging such swaps and/or other derivatives.

If the relevant calculation agent, which might be a member of the BlackRock Group, determines, in its sole and absolute discretion, that the risk of the relevant counterparty suffering from such tax liability becomes material, it may at any time elect to make a downward adjustment to the valuation of the swap and/or other derivatives to reflect the expected amount of such tax liability. Any such adjustment of the valuation of the swap and/or other derivatives will remain in effect until such tax position of the relevant counterparty can be ascertained, at which point the calculation agent may make further upward or downward adjustments of the valuation of the swap and/or other derivatives accordingly. As a result, the attention of investors is drawn to the fact that i) the Net Asset Value of a Fund may be adversely impacted by any such adjustments to the valuation of the swap and/or other derivatives; ii) the potential negative impact on a Fund's performance that investors may suffer as a result of any such adjustments will depend on the timing of their investment in and/or divestment from a Fund; and iii) the magnitude of such potential negative impact on the performance of a Fund may not correspond to an investor's holding in a Fund as a result of the potential retroactive effect of any changes in PRC tax.

(vii) **Investment in the PRC via the Stock Connect**

Stock Connect

The Stock Connect is a securities trading and clearing linked program developed by HKEX, SSE and ChinaClear with an aim to achieve mutual stock market access between the PRC and Hong Kong. The Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the Stock Connect Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A Shares listed on the SSE by routing orders to SSE. Under the Southbound Trading Link investors in the PRC will be able to trade certain stocks listed on the SEHK. Under a joint announcement issued by the SFC and CSRC on 10 November 2014 the Stock Connect commenced trading on 17 November 2014.

Funds investing in the PRC may invest in China A Shares trading on the Shanghai Stock Exchange via Stock Connect. The Stock Connect is a programme that links the Shanghai Stock Exchange and the SEHK. Under the programme, investors can access the Shanghai Stock Exchange via the Hong Kong Central Clearing and Settlement System (CCASS) maintained by the HKSCC as central securities depositary in Hong Kong. Investing in China A Shares via Stock Connect bypasses the requirement to obtain RQFII status which is required for direct access to the Shanghai Stock Exchange.

Quota Limitations

Investing in the PRC via Stock Connect is subject to quota limitations which apply to the Investment Manager. In particular, once the remaining balance of the relevant quota drops to zero or the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance).

Investment Thresholds for Stock Connect Funds

The Stock Connect Funds may invest no more than 10% of the relevant Fund's net asset value in the Stock Connect.

Legal / Beneficial Ownership

The China A Shares invested in via the Stock Connect will be held by the Trustee in accounts in the Hong Kong Central Clearing and Settlement System (CCASS) maintained by the HKSCC as central securities depositary in Hong Kong. HKSCC in turn holds the China A Shares, as the nominee holder, through an omnibus securities account in its name registered with CSDCC. The precise nature and rights of the Stock Connect Funds as the beneficial owners of the China A Shares through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore the exact nature and methods of enforcement of the rights and interests of the Stock Connect Funds under PRC law is uncertain. Because of

this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it is not clear if the China A Shares will be regarded as held for the beneficial ownership of the Stock Connect Funds or as part of the general assets of HKSCC available for general distribution to its creditors.

Clearing and Settlement Risk

HKSCC and CSDCC will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, CSDCC operates a comprehensive network of clearing, settlement and stock holding infrastructure. CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of CSDCC default are considered to be remote. In the remote event of a CSDCC default, HKSCC's liabilities in respect of China A Shares invested in via the Stock Connect will be limited under its market contracts with clearing participants to assisting clearing participants in pursuing their claims against CSDCC. HKSCC should in good faith, seek recovery of the outstanding stocks and monies from CSDCC through available legal channels or through CSDCC's liquidation. In that event, the relevant Stock Connect Fund may suffer delay in the recovery process or may not fully recover its losses from CSDCC.

Suspension Risk

It is contemplated that both the SEHK and the Shanghai Stock Exchange would reserve the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator will be sought before a suspension is triggered. Where a suspension is effected, the relevant Stock Connect Fund's ability to access the PRC market will be adversely affected.

Differences in Trading Day

The Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but the Stock Connect Funds cannot carry out any China A Shares trading via the Stock Connect. The Stock Connect Funds may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connect is not trading as a result.

Restrictions on Selling Imposed by Front-end Monitoring

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the Shanghai Stock Exchange will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If a Stock Connect Fund intends to sell certain China A Shares it holds, it must transfer those China A Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a Stock Connect Fund may not be able to dispose of its holdings of China A Shares in a timely manner.

Operational Risk

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information
technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

The securities regimes and legal systems of the SEHK and the Shanghai Stock Exchange differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The relevant Stock Connect Fund's ability to access the China A Share market (and hence to pursue its investment strategy) may be adversely affected.

Regulatory Risk

The Stock Connect is a novel concept. The current regulations are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators / stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. Stock Connect Funds may be adversely affected as a result of such changes.

Recalling of Eligible Stocks

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may restrict the ability of the relevant Stock Connect Fund to acquire shares.

No Protection by Investor Compensation Fund

Investment in China A Shares via the Stock Connect is conducted through brokers, and is subject to the risk of default by such brokers in their obligations. Investments of Stock Connect Funds are not covered by the Hong Kong's investor compensation fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in respect of China A Shares invested in via the Stock Connect do not involve products listed or traded on the SEHK,

they will not be covered by the investor compensation fund. Therefore the Stock Connect Funds are exposed to the risks of default of the broker(s) it engages in its trading in China A Shares through the Stock Connect.

(viii) Potential implications of Brexit

On 31 January 2020 the UK formally withdrew and ceased being a member of the EU.

On 30 December 2020, the UK and the EU signed an EU-UK Trade and Cooperation Agreement ("UK/EU Trade Agreement"), which applies from 1 January 2021 and sets out the foundation of the economic and legal framework for trade between the UK and the EU. As the UK/EU Trade Agreement is a new legal framework, the implementation of this Agreement may result in uncertainty in its application and periods of volatility in both the UK and wider European markets. The UK's exit from the EU is expected to result in additional trade costs and disruptions in this trading relationship. While the UK/EU Trade Agreement provides for the free trade of goods, it provides only general commitments on market access in services together with a "most favoured nation" provision which is subject to many exceptions. Furthermore, there is the possibility that either party may impose tariffs on trade in the future in the event that regulatory standards between the EU and the UK diverge. The terms of the future relationship may cause continued uncertainty in the global financial markets, and adversely affect the performance of the Funds.

Volatility resulting from this uncertainty may mean that the returns of the Funds' investments are affected by market movements, the potential decline in the value of Sterling or Euro, and the potential downgrading of sovereign credit ratings of the UK or an EU member state.

(ix) Euro and Euro Zone Risk

The deterioration of the sovereign debt of several countries, together with the risk of contagion to other, more stable, countries exacerbated the global economic crisis. .There is a continued possibility that Eurozone countries could be subject to an increase in borrowing costs. This situation as well as the UK's referendum on 'Brexit' has raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union. The departure or risk of departure from the Euro by one or more Euro zone countries could lead to the reintroduction of national currencies in one or more Euro zone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of a Fund's investments. Unitholders should carefully consider how any potential changes to the Euro zone and European Union may affect their investment in a Fund.

(x) Financial Corporate Bond Risk

Corporate bonds issued by a financial institution in the EU or the UK may be subject to the risk of a write down or conversion (i.e. "bail-in") by an EU or UK authority (as applicable) in circumstances where the financial institution is unable to meet its financial obligations. This may result in bonds issued by such financial institution being written down (to zero), converted into equity or alternative instrument of ownership, or the terms of the bond may be varied. 'Bail-in' risk refers to the risk of EU member state or UK authorities exercising powers to rescue troubled banks by writing down or converting rights of their bondholders in order to absorb losses of, or recapitalise, such banks. Investors should be alerted to the fact that EU member state authorities are more likely to use a "bail-in" tool to rescue troubled banks, instead of relying on public financial support as they have in the past as EU member state and UK authorities now consider that public financial support should only be used as a last resort after having assessed and exploited, to the maximum extent practicable, other resolution tools, including the "bail-in" tool. A bail-in of a EU or UK financial institution is likely to result in a reduction in value of some or all of its bonds (and possibly other securities) and a Fund holding such securities when a bail-in occurs will also be similarly impacted.

(xi) Securities Lending

The Funds may engage in securities lending. A Fund engaging in securities lending will have a credit risk exposure to the counterparties to any securities lending contract. Fund investments can be lent to counterparties over a period of time. A default by the counterparty combined with a fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of a Fund. The Manager intends to ensure that all securities lending is fully collateralised but, to the extent that any securities lending is not fully collateralised (for example due to timing issues arising from payment lags), the relevant Fund will have a credit risk exposure to the counterparties to the securities lending contracts.

(xii) Repurchase and Reverse Repurchase Transactions

The Funds may enter into repurchase and reverse repurchase transactions. In the event of the insolvency, bankruptcy or default of the seller under a repurchase agreement, a Fund may experience both delays in liquidating the underlying securities and losses, including the possible decline in the value of securities, during the period in which it seeks to enforce its rights thereto, possible sub-normal level of income and lack of access to income during the period. A Fund may also incur expenses in enforcing its rights.

(xiii) Total Return Swaps

The Funds may use total return swaps. These expose a Fund to the risk that the counterparty with whom the derivative is entered into fails to perform its obligations under the contract (e.g., due to the insolvency of the counterparty). Where the Fund bears the loss of the amount expected to be received under the derivative as a result of the failure of a counterparty, this will affect the value of the Fund. Collateral, in the form of cash or other securities, posted by the counterparty (where required) may offset the loss, but such offset may only be partial.

In addition, total return swaps can involve considerable economic leverage and may, in some cases, involve significant risk of loss.

(xiv) **Sustainability risk**

Sustainability risk is an inclusive term to designate investment risk (probability or uncertainty of occurrence of material losses relative to the expected return of an investment) that relates to environmental, social or governance issues.

Sustainability risk around environmental issues includes, but is not limited to, climate risk, both physical and transition risk. Physical risk arises from the physical effects of climate change, acute or chronic. For example, frequent and severe climate-related events can impact products and services and supply chains. Transition risk whether policy, technology, market or reputation risk arises from the adjustment to a low-carbon economy in order to mitigate climate change. Risks related to social issues can include but are not limited to labour rights and community relations. Governance related risks can include but are not limited to risks around board independence, ownership & control, or audit & tax management. These risks can impact an issuer's operational effectiveness and resilience as well as its public perception, and reputation affecting its profitability and in turn, its capital growth, and ultimately impacting the value of holdings in a Fund. These are only examples of sustainability risk factors and sustainability risk factors do not solely determine the risk profile of the investment. The relevance, severity, materiality and time horizon of sustainability risk factors and other risks can differ significantly by Funds.

Sustainability risk can manifest itself through different existing risk types (including, but not limited to, market, liquidity, concentration, credit, asset-liability mismatches etc.). By way of example, a Fund may invest in the equity or debt of an issuer that could face potentially reduced revenues or increased expenditures from physical climate risk (e.g. decreased production capacity due to supply chain perturbations, lower sales due to demand shocks or higher operating or capital costs) or transition risk (e.g. decreased demand for carbon-intensive products and services or increased production costs due to changing input prices). As a result, sustainability risk factors may have a material impact on an investment, may increase the volatility, affect liquidity and may result in a loss to the value of units in a Fund. The impact of those risks may be higher for Funds with particular sectoral or geographic concentrations e.g., Funds with geographical concentration in locations susceptible to adverse weather conditions where the value of the investments in the Funds may be more susceptible to adverse physical climate events or Funds with specific sectoral concentrations such as investing in industries or issuers with high carbon intensity or high switching costs associated with the transition to low carbon alternatives, may be more impacted by climate transition risks. All or a combination of these factors may have an unpredictable impact on the relevant Fund's investments. Under normal market conditions such events could have a material impact on the value of units of a Fund.

Furthermore, investor sentiment towards issuers or attitudes towards ESG concepts generally may change over time (which may be a result of changes in market practice or the regulatory requirements which apply to ESG matters). This may impact the underlying performance of the affected issuers, which in turn may impact the performance of a Fund.

Assessments of sustainability risk are specific to the asset class and to the Fund's objective. Different asset classes require different data and tools to apply heightened scrutiny, assess materiality, and make meaningful differentiation among issuers and assets. Risks are considered and risk managed concurrently, by prioritising based on materiality and on the Fund's objective. The impacts of sustainability risk are likely to develop over time and new sustainability risks may be identified as further data and information regarding sustainability factors and impacts becomes available and the regulatory environment regarding sustainable finance evolves. These emerging risks may have further impacts on the value of units in the Funds.

	BIEF - Emerging Market*	**BIEF – Pacific***	**BIEF - UK Smaller Companies***	**BIEF- UK Select Equity***	**All Funds in BIBF**
Emerging Markets	X	X			
Fixed Income Transferable Securities					X
Restriction on Foreign Investment	X	X			
Small Cap Companies	X	X	X	X	
Sovereign Debt					X

** These funds are in the process of being closed.*

24. Taxation

The following summary is intended to offer some guidance to persons (other than dealers in securities) on the current UK taxation of authorised unit trusts and their unitholders. It should be noted that the existing legislation may change in future. This summary should not be regarded as definitive, nor as removing the desirability of taking separate professional advice. If unitholders are in any doubt as to their taxation position, they should consult their professional advisers.

(a) The Funds

In respect only of income, authorised unit trusts are taxed as "investment companies" which means that franked income (dividends received from a UK resident company) is not taxed in the unit trusts as it has been paid out of profits which have already been taxed. The majority of overseas dividends received by authorised unit trusts from non-UK companies should also be exempt from UK tax. They are liable to pay corporation tax on their other income after deduction of allowable expenses. Authorised unit trusts are not normally liable to corporation tax on their capital gains arising from the disposal of investments.

If a Fund invests more than 60% of its market value in cash, gilts, corporate bonds and similar assets, rather than equities, at all times during a distribution period, it may pay interest distributions. The gross interest distribution can be relieved as an expense against the income of the Fund.

Where a Fund holds an investment in any other UK or offshore fund that during the Fund's accounting period is invested primarily in cash, gilts, corporate bonds and similar assets, any movements in that holding will be taxed as income of the Fund for the period concerned. In addition, any dividends paid by such fund will be taxed as interest income. Where the offshore fund is not certified by HM Revenue & Customs ("**HMRC**") as a reporting fund, the Fund may not be exempt from tax on gains realised on disposal of the interest in the offshore fund. Units in a Fund shall be widely available to the investors that meet the investment criteria. Units in the Fund shall be marketed and made available sufficiently widely to reach the investors, and in a manner appropriate to attract them.

Authorised unit trusts are subject to corporation tax at the basic rate at which income tax is charged, which is currently 20% (2017/18). For investments overseas, credit may be available (by offset against any UK tax liability or by reducing the overseas dividend by the underlying foreign tax suffered) for some or all of the overseas tax suffered, to minimise any double tax charge suffered by the trusts.

Investments held by the Funds will be accounted for and taxed in accordance with the Statement of Recommended Practice for authorised unit trusts. It is the intention of the Manager that all assets held by the Funds will be held for investment purposes and not for the purposes of trading.

Furthermore, it is considered that the majority of the investments held by the Funds should meet the definition of an "investment transaction" as defined by the Authorised Investment Funds (Tax) (Amendment) Regulations 2009 ("the regulations"). Therefore, it is considered that the likelihood of HMRC successfully arguing that the Funds are trading is minimal. This assumption is on the basis that the Funds meet the "genuine diversity of ownership" condition as outlined in the regulations. For this purpose, units in each of the Funds shall be widely available. The intended categories of the investors are those set out in paragraph 31(a). Units in the Funds shall be marketed and made available sufficiently widely to reach the intended categories of investors, and in a manner appropriate to attract those categories of investors.

In the unlikely event that HMRC successfully argues that the Funds were trading in relation to the investments held, this may lead to tax payable within the Funds that investors may not be able to offset or recover.

(b) The unitholder

Distributions can be paid either as a dividend or as an interest distribution, depending on whether a Fund is classified as a bond or an equity fund. A Fund will be regarded as a bond fund if throughout the period between income allocation dates more than 60 per cent of the market value of that Fund's holdings, are in debt instruments. If this test is not passed the Fund will be an equity fund. A distribution from an equity fund can only be paid as a dividend. A £1,000 (2023/2024) tax free dividend allowance applies UK individuals. Dividends received in excess of this threshold will be taxed at the following rates.

Basic rate taxpayers will be liable to tax on dividend distributions at the ordinary rate of 8.75%. Higher-rate taxpayers will be liable to tax on dividend distributions at the higher rate of 33.75 per cent.

Additional rate taxpayers will be liable to tax on dividend distributions at the additional rate of 39.35 per cent. UK resident corporate unitholders must split their dividend distributions into franked and unfranked income portions according to the percentage split given on the voucher.

Unitholders will be sent tax vouchers. Accumulation unitholders will be liable to tax on their income as if they had actually received cash on the pay date.

Interest distributions received in excess of personal savings allowance will be taxed at the following rates. Basic rate taxpayers are liable at the basic rate of 20%, higher rate taxpayers are liable at the higher rate of 40% and additional rate taxpayers are liable at the additional rate of 45%.

Persons within the charge to UK corporation tax should note that if at any time in an accounting period such a person holds a unitholding in a Fund and there is a time in that period when that Fund fails to satisfy the "qualifying investments" test, the unitholding held by such a person will be treated for that accounting period as if it were rights under a creditor relationship for the purposes of the loan relationships regime.

A Fund fails to satisfy the "qualifying investments" test at any time when more than 60 per cent of its assets by market value comprise government and corporate debt securities or cash on deposit or certain derivative contracts or holdings in other collective investment schemes which at any time in the relevant accounting period do not themselves satisfy the "qualifying investments" test, or other interest-bearing securities. On the basis of the investment policies of the Funds, the Funds could invest more than 60 per cent of their assets in government and corporate debt securities or as cash on deposit or in certain derivative contracts or in other non-qualifying collective investment schemes and hence could fail to satisfy the "qualifying investments" test. In that eventuality, the units will be treated for corporation tax purposes as within the loan relationships regime with the result that all returns on the units in respect of such a person's accounting period (including gains, profits and losses) will be taxed or relieved as an income receipt or expense on a "fair value accounting" basis. Accordingly, such a person who acquires units in the Funds may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of units (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of units).

Any gains arising on disposal of units including a switch of units between unit trusts, are potentially subject to tax on the capital gain (although conversions between classes of units in the same unit trust may not give rise to a disposal for UK Capital Gains Tax purposes, except where a conversion is into or out of a currency hedged unit class into or out of a non-currency hedged

unit class). For UK resident individuals the first £6,000 (2023/2024) of chargeable gains from all sources is exempt from tax.

As the Funds operate equalisation, it is likely that the first distribution made after the acquisition of units will include an amount of equalisation. This amount corresponds to the income in the price at which the units were acquired and represents a capital repayment for UK tax purposes which should be deducted from the cost of units in arriving at any capital gain realised on their subsequent disposal. Therefore, this amount of the first distribution is not income for tax purposes.

Investors who are insurance companies subject to UK taxation may be deemed to dispose of and immediately reacquire their holding at the end of each accounting period.

(c) Foreign Account Tax Compliance Act ("FATCA")

The US-UK Agreement to Improve International Tax Compliance and to Implement FATCA (the "US-UK IGA") was entered into with the intention of enabling the UK implementation of the Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act ("FATCA"), which impose a reporting regime and potentially a 30% withholding tax on certain payments made from (or attributable to) US sources or in respect of US assets to certain categories of recipient including a non-US financial institution (a "foreign financial institution" or "FFI") that does not comply with the terms of FATCA and is not otherwise exempt. Certain financial institutions ("reporting financial institutions") are required to provide certain information about their US accountholders to HMRC (which information will in turn be provided to the US tax authority) pursuant to UK regulations implementing the US-UK IGA. It is expected that the Funds will constitute reporting financial institutions for these purposes. Accordingly, the Funds are required to provide certain information about their US unitholders to HMRC (which information will in turn be provided to the US tax authorities) and are also required to register with the US Internal Revenue Service. It is the Manager's intention to procure that the Funds are treated as complying with the terms of FATCA by complying with the terms of the reporting system contemplated by the US-UK IGA. No assurance can, however, be provided that the Funds will be able to comply with FATCA and, in the event that they are not able to do so, a 30% withholding tax may be imposed on payments they receive from (or which are attributable to) US sources or in respect of US assets, which may reduce the amounts available to them to make payments to their unitholders.

The Funds are also required to comply with UK regulations implementing agreements to improve international tax compliance entered into between the UK and its Crown Dependencies and certain overseas territories (namely, Jersey, Guernsey, the Isle of Man and Gibraltar), pursuant to which the Funds are required to provide certain information about their Jersey, Guernsey, Isle of Man and Gibraltar unitholders to HMRC (which information will in turn be provided to the relevant tax authorities), albeit that such requirement may be removed in the future as a result of the overlap with the Common Reporting Standard referred to in the following paragraph.

A number of jurisdictions have entered into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information published by the OECD. This requires the Funds to provide certain information to HMRC about unitholders from the jurisdictions which are party to such arrangements (which information will in turn be provided to the relevant tax authorities).

In light of the above, unitholders in the Funds will be required to provide certain information to the Funds to comply with the terms of the UK regulations. Please note that the Manager has determined that US Persons are not permitted to own units in the Funds, see section 12(h) of this prospectus.

(d) Pillar Two

The OECD has issued work relating to the introduction of a system ensuring a minimum level of taxation for multinational enterprises ("Pillar Two"). The Pillar Two rule [4] aim to ensure that large multinational enterprise (MNE) groups pay a minimum level of tax on the income arising in each of the jurisdictions where they operate, by imposing a top-up tax whenever the effective tax rate, determined on a jurisdictional basis, is below the minimum rate specified in Pillar Two.

If a unitholder entity or, where applicable, its ultimate parent entity consolidates (or is deemed to consolidate) a Trust or its Funds in its consolidated financial statements ("Consolidated Financial Statements"), there is a risk that the Fund may become subject to Pillar Two tax.

If a Fund falls within the scope of Pillar Two, the effective tax rates within its structure could increase due to higher amounts of tax being due or the possible denial of deductions. Tax compliance costs may also increase, which could adversely affect returns to the unitholders. In the event the Fund becomes liable for any Pillar Two tax, this may reduce the amounts available for distribution to the unitholders.

Each unitholder agrees to indemnify the Fund, on demand, for any Pillar Two tax liability and tax compliance costs that may be incurred by the Fund as a result of a (deemed) consolidation in the Consolidated Financial Statements relating to that unitholder.

To the extent that any Pillar Two tax liability arises at the level of a unitholder entity or, where applicable, the MNE group to which it belongs, as a result of the investment in a Fund, such liability shall be borne solely by the unitholder giving rise to it and not borne by the Fund or any other unitholder. Unitholders are responsible for assessing their own Pillar Two tax position in connection with their investment in a Fund, including whether they may be required to consolidate the Fund on a line-by-line basis in their Consolidated

[4] The OECD's 2021 "Tax Challenges Arising from Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS" (the Model Rules) and Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the EU (the Pillar Two Directive), together with Part 3 (Multinational Top-up Tax) and Part 4 (Domestic Top-up Tax) of the Finance (No. 2) Act 2023 (UK Public General Act 2023 c. 33), as amended by any subsequent Finance Acts, together with any current or future similar or related legislation in respect of any EU or non-EU jurisdiction and, in each case, any current or future legislation, regulations, guidance or official interpretations in connection therewith.

Financial Statements. Unitholders must notify the Manager as soon as any such (deemed) consolidation requirement is identified.

The Manager reserves the right to redeem the units held by any unitholder if such investment gives rise to additional Pillar Two tax at the level of the Fund and/or results in additional filing or compliance obligations for the Fund.

25. Equalisation

Included in the issue price of units (on an offer basis) and in the cancellation price of units (on a bid basis) and so reflected as a capital sum in the offer and bid prices will be an income equalisation amount representing the value of income attributable to the unit accrued since the record date for the last income allocation. Being capital, the income equalisation amount included in the issue price of the units, is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

The Trust Deeds permit grouping of units for equalisation, which arises in respect of those units purchased during an income allocation period. Such units carry an entitlement to equalisation which is the amount arrived at on an average basis of the accrued net income per unit included in the issue price of units purchased during the income allocation period.

26. Charges

The current charges made for each Fund are described below and are set out in Appendix 1. Units are available as set out in Appendix 1. On giving unitholders at least 60 days' written notice, the Manager may, where relevant, increase the preliminary charge or the annual management charge on a Fund provided any such increase does not constitute a fundamental change to that Fund. Any change to charges which constitutes fundamental change will require prior unitholder consent. For details of the categorisation of fundamental, significant and notifiable changes, please see section 28 of this prospectus.

(a) Manager's charges

(i) The **preliminary charge** will be included in the offer price of units. This charge is currently not charged in respect of Class A units. In the case of Class B units (as available) the preliminary charge will be up to 6% of the issue price of the relevant units.

(ii) The Manager is entitled to receive an **annual management charge** in relation to each Fund at a rate agreed between the Manager and the Trustee on or prior to the first issue of Units of each Fund (subject to a maximum percentage), or such other rate as may subsequently be agreed either generally or with a particular Unitholder or Class of Unitholders. The maximum percentage is such percentage as the Manager may determine prior to the first issue of Units of that Fund. The Manager may only increase the annual management charge payable in respect of a Fund upon giving three months' prior written notice to the Unitholders of that Fund.

In respect of the Class A Units of BlackRock Institutional Bond Funds and the Class A Units of UK Select Equity* of BlackRock Institutional Equity Funds, the Manager will not charge a management fee from the relevant Fund and such Units are only available to Unitholders who have entered into a separate agreement with the Manager or one of its affiliates. BlackRock Investment Management (UK) Limited, where acting as discretionary investment manager for a Unitholder, will treat Class A Units as a direct holding in a security and not as an "In-House Fund" (as this term is defined in the applicable separate agreement).

In respect of Class A Units of BlackRock Institutional Equity Funds (with the exception of UK Select Equity* which is dealt with above) or Class B Units of BlackRock Institutional Bond Funds, the Manager will receive from a Fund, per annum, such percentage of that Fund's net asset value as set out in Appendix 1. An annual management charge in respect of Class B Units will normally accrue daily and be paid quarterly in arrears to the Manager.

The Manager will not be separately remunerated for acting as Registrar although the Manager may, on prior notice to the Trustee, charge registration fees to the Funds. The Manager may, subject to FCA rules, rebate all or any of its fees and charges and pay commissions to any investors or their brokers or agents in respect of any subscriptions for, or holdings of, Units.). No annual service charge is levied.

The Manager will not be separately remunerated for other non-investment management related costs incurred and/or paid by the Manager in servicing unitholders in a Fund (e.g. transfer agency and administration costs).

The Manager may, subject to FCA rules, rebate all or any of its fees and charges and pay commissions to any investors or their brokers or agents in respect of any subscriptions for, or holdings of, Units.

With effect from 6 October 2023, the Manager will apply discounts to the annual management charge for certain Funds and Classes when the relevant Fund reaches a specified size. By way of summary, this means that the annual management fee payable to the Manager will be charged at different rates across different tiers of the Fund's overall NAV. The purpose is to pass on to unitholders some of the benefit of the potential savings associated with the economies of scale which may be achieved through an applicable growth of assets under management of a Fund (i.e. when a Fund increases significantly in size). The discounts to the annual management charge are based on the NAV of a Fund. The Funds and unit Classes to which discounts are applied can be found in the table in Appendix 1 below and further information about the operation of the discounts can be found in the 'Discounts to the Annual Management Charge' section below.

*This Fund is in the process of being terminated and is no longer available for investment.

Discounts to the Annual Management Charge

With effect from 6 October 2023, for certain Funds and Classes, the Manager will apply discounts to the annual management charge charged to the Funds as detailed in the tables in Appendix 1 where the relevant Fund reaches a certain size.

The discounts to the annual management charge that apply for a Fund are based on the size of the Fund, as measured by its total NAV. The discounts are applied in tiers with the rates determined by the proportion of the applicable Fund's total NAV that falls within the ranges shown in the table in Appendix 1. A weighted average of the overall discount rate is calculated from these rates and applied to the annual management charge. This means that only the proportion of the Fund's NAV that falls within each particular tier receives the applicable discount for that tier.

For the avoidance of doubt, for any Classes in the Funds which have an annual management charge of "nil", no discount is applied to these Classes.

Numerical example

The Fund has the following discount schedule:

Fund NAV From	Fund NAV To	Incremental Discount to the Annual Management Charge ("AMC") (%)
£0	£1,000,000,000	Nil
£1,000,000,000	£3,000,000,000	5%
£3,000,000,000	£5,000,000,000	7%
£5,000,000,000	--	8%

The Fund currently has a NAV of £4,000,000,000 and 2 Classes of units per the below:

	Class 1	Class 2	Total
NAV	£2,500,000,000	£1,500,000,000	£4,000,000,000
AMC (before discount)	1.00%	0.75%	

With a total NAV of £4,000,000,000 the Fund has:

- £1,000,000,000 where no discount is applied.
- £2,000,000,000 where a 5% incremental discount to the annual management charge (before discount) is applied.
- £1,000,000,000 where a 7% incremental discount to the annual management charge (before discount) is applied.
- These classifications are shown in the below exhibit (see Column A).

Column A	Column B	Column C	Column D
Portion of NAV (£)	Portion of NAV (%)	Incremental Discount to the AMC (%)	Weighted Incremental Discount to the AMC (%)
£1,000,000,000	25%	0%	0.00%
£2,000,000,000	50%	5%	2.50%
£1,000,000,000	25%	7%	1.75%
Total weighted incremental discount to the AMC (%):			**4.25%**

The resultant discounted AMC and saving for each Class is:

	Class 1	Class 2
AMC (before discount)	1.0000%	0.7500%
AMC (after discount)	**0.9575%**	**0.7181%**
Saving	0.0425%	0.0319%

Please note that figures have been rounded to the nearest 0.0001% for the purposes of this worked example. In practice, any discounts applied to the annual management charge are calculated daily in line with the calculation of the annual management charge and the overall saving experienced will reflect the daily change in NAV of the Fund over the daily accrual period.

Please note that a decline in the Fund's NAV could result in a reduction or removal of the discount applied. If the Fund's NAV declines to the "Nil" discount tier, no discount will be applied to the Fund's Classes.

The Manager reserves the right to change the NAV ranges at which discounts apply or the discount applied for any given NAV tier. In the event of any such change, the Manager will notify unitholders in writing in advance.

Information about the discounts that apply are shown on our website, www.blackrock.com, where you can locate and select the relevant Fund from the list of funds. The discount information on our website will be updated periodically. Alternatively, this information can be obtained by contacting us as shown below.

(b) Trustee's charges and custody charges

The Trustee receives for its own account a periodic fee of 0.0095 per cent per annum plus a further fee split between a fixed fee of £5,000 and a scaled fee depending upon the Trustee's categorisation of the relevant Fund as follows:

- Category C oversight incurs the fixed fee plus 0.0005 per cent per annum
- Category B oversight incurs the fixed fee plus 0.0010 per cent per annum
- Category A oversight incurs the fixed fee plus 0.0015 per cent per annum

The Trustee determines the oversight categories as follows: - Category C: Funds with less than 5 per cent exposure of holdings by assets under management to markets which the Trustee considers for its purposes to be higher risk;

- Category B: Funds with between 5 and 20 per cent exposure of holdings by assets under management to markets which the Trustee considers for its purposes to be higher risk; and

- Category A: Funds with more than 20 per cent exposure of holdings by assets under management to markets which the Trustee considers for its purposes to be higher risk.

The Trustee's categorisation of the relevant Fund is not an assessment of the investment risk. Further information with respect to the categorisation of the Trustee charge is set out at Appendix 6 and can also be obtained from the Manager. The fee is payable out of the property of the relevant Fund. The fee accrues on a daily basis and is payable monthly in advance within seven days of month end. The scaled fee is calculated by reference to the arithmetic average of the daily bid and offer prices of the relevant Fund calculated in accordance with Section 9 and Appendix 4 of this Prospectus. The arithmetic average is the mid price which is arrived at by taking the sum of the bid and offer prices calculated on the last Business Day of each accrual period, divided by 2.

The current Trustee charge may be varied upon notice from time to time in accordance with the Trust Deeds and the COLL Sourcebook.

The Trust Deed for each Fund also authorises payment out of the property of the Fund of fees for custody services. Where a Fund invests in the units of UK UCITS and/or other collective investment scheme that is managed by the Manager or by an associate (as defined by the FCA), the Manager will endeavour to negotiate (but does not guarantee) a reduction in any custodial fees applicable to such investment. Current fees are as follows:

Item	Range
Transaction Charges	£6 to £100 per transaction
Custody Charges	0.003% to 0.6% of the value of a Fund's property held in custody, per annum

The transaction and custody charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the Trustee and the Manager. Custody charges accrue and are payable as agreed from time to time by the Manager and the Trustee.

(c) Stamp Duty Reserve Tax ("SDRT")

Prior to 30 March 2014, SDRT was levied on the dealing of units in unit trust schemes under Schedule 19 of the Finance Act 1999 ("Schedule 19") at the rate of 0.5% on the value of units surrendered. In order to increase the competitiveness of the asset management industry in the UK, the charge to SDRT under Schedule 19 has been abolished since 30 March 2014, and there is no SDRT charge levied on the surrender of units in unit trust schemes after this date.

Research Fees

Any external research received by the Investment Manager in connection with investment services that the Investment Manager provides to the Funds of BlackRock Institutional Equity Funds will be paid for by the Investment Manager out of its own resources.

(d) Other expenses

The following other expenses will be reimbursed out of the property of a Fund:

a) costs of dealing in the property of a Fund;
b) interest on borrowings permitted by a Fund and related charges;
c) taxation and duties payable in respect of the property of a Fund, the Trust Deeds, the issue, surrender or transfer of Units;
d) any costs incurred in modifying the Trust Deeds, including costs incurred in respect of meetings of Unitholders convened for purposes which include the purpose of modifying the Trust Deeds, where the modification is necessary or expedient by reason of changes in the law or to remove obsolete provisions;
e) the expenses or disbursements of the Trustee in respect of:

- collection of income
- submission of tax returns
- handling tax claims
- preparation of the Trustee's annual report
- any other costs involved in enhancing or maintaining the tax efficiency of the Funds;
- such other expenses properly incurred by the Trustee in performing duties imposed upon it;

f) the audit fee of the Auditor and VAT thereon and any expenses of the Auditor as well as the fees and expenses of third party tax, legal and other professional advisers incurred in respect of the Funds;
g) fees incurred in respect of entering into securities lending arrangements with securities lending agents.

Fees, costs and duties which are not attributable to a particular Fund will usually be allocated between the Funds pro-rata to the NAV of each Fund or in accordance with another reasonable method at the Manager's discretion.

27. Conflicts of Interest

The Manager and other BlackRock Group companies undertake business for other clients. BlackRock Group companies, their employees and their other clients face conflicts with the interests of the Manager and its clients. BlackRock maintains a Conflicts of Interest Policy. It is not always possible for the risk of detriment to a client's interests to be entirely mitigated such that, on every transaction when acting for clients, a risk of detriment to their interests does not remain.

The types of conflict scenario giving rise to risks which BlackRock considers it cannot with reasonable confidence mitigate are disclosed below. This document, and the disclosable conflict scenarios, may be updated from time to time.

a) Conflicts of Interest within BlackRock Group PA

Dealing

BlackRock Group employees may be exposed to clients' investment information while also being able to trade through

personal accounts. There is a risk that, if an employee could place a trade of sufficient size, this would affect the value of a client's transaction. BlackRock Group has implemented a Personal Trading Policy designed to ensure that employee trading is pre-approved.

Employee Relationships

BlackRock Group employees may have relationships with the employees of BlackRock's clients or with other individuals whose interests conflict with those of a client. Such an employee's relationship could influence the employee's decision-making at the expense of clients' interests. BlackRock Group has a Conflicts of Interest Policy under which employees must declare all potential conflicts.

Significant Shareholder – PNC

The PNC Financial Services Group, Inc. ("PNC") holds 20.9% ownership stake of the voting common stock of BlackRock, Inc. A Stockholder Agreement is in place permitting PNC to designate two directors to the BlackRock Inc. Board. There is the potential that BlackRock Group companies could be unduly influenced by PNC to the disadvantage of clients. Both BlackRock Inc. and PNC are managed independently and in isolation of one another and all transactions and revenue between the two are disclosed within BlackRock Inc's proxy statement. Additionally, when voting, PNC must vote its shares in accordance with the recommendation of the BlackRock Inc. Board to prevent undue influence.

b) Conflicts of interest of the Manager

Provider Aladdin

BlackRock Group uses Aladdin software as a single technology platform across its investment management business. Custodial and fund administration service providers may use Provider Aladdin, a form of Aladdin software, to access data used by the Investment Manager and Manager. Each service provider remunerates BlackRock Group for the use of Provider Aladdin. A potential conflict arises whereby an agreement by a service provider to use Provider Aladdin incentivises the Manager to appoint or renew appointment of such service provider. To mitigate the risk, such contracts are entered on an 'arm's length' basis.

Distribution Relationships

The Principal Distributer may pay third parties for distribution and related services. Such payments could incentivise third parties to promote the Trusts to investors against that client's best interests. BlackRock Group companies comply with all legal and regulatory requirements in the jurisdictions in which such payments are made.

Dealing Costs

Dealing costs are created when investors deal into and out of the Fund. There is a risk that other clients of the Fund bear the costs of those joining and leaving. BlackRock Group has policies and procedures in place to protect investors from the actions of others including anti-dilution controls.

c) Conflicts of interest of the Investment Manager

Commissions & Research

Where permitted by applicable regulation (excluding, for the avoidance of doubt, any Funds which are in scope for MiFID II), certain BlackRock Group companies acting as investment manager to the Funds may use commissions generated when trading equities with certain brokers in certain jurisdictions to pay for external research. Such arrangements may benefit one Fund over another because research can be used for a broader range of clients than just those whose trading funded it. BlackRock Group has a Use of Commissions Policy designed to ensure compliance with applicable regulation and market practice in each region.

Timing of Competing Orders

When handling multiple orders for the same security in the same direction raised at or about the same time, the Investment Manager seeks to achieve the best overall result for each order equitably on a consistent basis taking into account the characteristics of the orders, regulatory constraints or prevailing market conditions. Typically, this is achieved through the aggregation of competing orders. Conflicts of interest may appear if a trader does not aggregate competing orders that meet eligibility requirements, or does aggregate orders that do not meet eligibility requirements; it may appear as if one order received preferential execution over another. For a specific trade instruction of the Fund, there may be a risk that better execution terms will be achieved for a different client. For example, if the order was not included in an aggregation. BlackRock Group has Order Handling Procedures and an Investment Allocation Policy which govern sequencing and the aggregation of orders.

Concurrent Long and Short Positions

The Investment Manager may establish, hold or unwind opposite positions (i.e. long and short) in the same security at the same time for different clients. This may prejudice the interests of the Investment Manager's clients on one side or the other. Additionally, investment management teams across the BlackRock Group may have long only mandates and long-short mandates; they may short a security in some portfolios that are held long in other portfolios. Investment decisions to take short positions in one account may also impact the price, liquidity or valuation of long positions in another client account, or vice versa. BlackRock Group operates a Long Short (side by side) Policy with a view to treating accounts fairly.

Cross Trading - Pricing Conflict

When handling multiple orders for the same security, the Investment Manager may 'cross' trades by matching opposing flows to obtain best execution. When crossing orders, it is possible that the execution may not be performed in the best interests of each client; for example, where a trade did not constitute a fair and reasonable price. BlackRock Group reduces this risk by implementing a Crossing Policy.

MNPI

BlackRock Group companies receive Material Non-Public Information (MNPI) in relation to listed securities in which BlackRock Group companies invest on behalf of clients. To prevent wrongful trading, BlackRock Group erects Information Barriers and restricts trading by one or more investment team(s) concerned in the security concerned. Such restrictions may negatively impact the investment performance of client accounts. BlackRock has implemented a Material Non-Public Information Barrier Policy.

BlackRock's Investment Constraints or Limitations and its Related Parties

The Trusts may be restricted in its investment activities due to ownership threshold limits and reporting obligations in certain jurisdictions applying in aggregate to the accounts of clients of the BlackRock Group. Such restrictions may adversely impact clients through missed investment opportunities. BlackRock Group manages the conflict by following an Investment and Trading Allocation Policy, designed to allocate limited investment opportunities among affected accounts fairly and equitably over time.

Investment in Related Party Products

While providing investment management services for a client, the Investment Manager may invest in products serviced by BlackRock Group companies on behalf of other clients. BlackRock may also recommend services provided by BlackRock or its affiliates. Such activities could increase BlackRock's revenue. In managing this conflict, BlackRock seeks to follow investment guidelines and has a Code of Business Conduct and Ethics.

Investment Allocation and Order Priority

When executing a transaction in a security on behalf of a client, it can be aggregated and the aggregated transaction fulfilled with multiple trades. Trades executed with other client orders result in the need to allocate those trades. The ease with which the Investment Manager can allocate trades to a certain client's account can be limited by the sizes and prices of those trades relative to the sizes of the clients' instructed transactions. A process of allocation can result in a client not receiving the whole benefit of the best priced trade. The Investment Manager manages this conflict by following an Investment and Trading Allocation Policy, which is designed to ensure the fair treatment of all clients' accounts over time.

Fund Look Through

BlackRock Group companies may have an informational advantage when investing in proprietary BlackRock funds on behalf of client portfolios. Such an informational advantage may lead a BlackRock Group company to invest on behalf of its client earlier than the Investment Manager invests for the Trusts. The risk of detriment is mitigated through BlackRock Group's pricing of units and anti-dilution mechanisms.

Side-by-Side Management: Performance fee

The Investment Manager manages multiple client accounts with differing fee structures. There is a risk that such differences lead to inconsistent performances levels across client accounts with similar mandates by incentivising employees to favour accounts delivering performance fees over flat or non-fee accounts. BlackRock Group companies manage this risk through a commitment to a Code of Business Conduct and Ethics Policy.

d) Other Conflicts

Securities Lending

To the extent specified for each Fund in Appendix 5, the Funds may engage in securities lending. There are potential conflicts of interests in managing a securities lending program, including but not limited to: (i) a member of BlackRock Group as lending agent may have an incentive to increase or decrease the amount of securities on loan or to lend particular securities in order to generate additional risk-adjusted revenue for BlackRock Group; and (ii) a member of BlackRock Group as lending agent may have an incentive to allocate loans to clients that would provide more revenue to Blackrock Group. As described further below, BlackRock Group seeks to mitigate this conflict by providing its securities lending clients with equal lending opportunities over time in order to approximate pro-rata allocation.

As part of its securities lending program, BlackRock Inc. indemnifies certain clients and/or funds against a shortfall in collateral in the event of borrower default. BlackRock Group's Risk and Quantitative Analytics Group ("RQA") calculates, on a regular basis, BlackRock Group's potential dollar exposure to the risk of collateral shortfall upon counterparty default ("shortfall risk") under the securities lending program for both indemnified and non-indemnified clients. On a periodic basis, RQA also determines the maximum amount of potential indemnified shortfall risk arising from securities lending activities ("indemnification exposure limit") and the maximum amount of counterparty-specific credit exposure ("credit limits") BlackRock Group is willing to assume as well as the program's operational complexity. RQA oversees the risk model that calculates projected shortfall values using loan-level factors such as loan and collateral type and market value as well as specific borrower counterparty credit characteristics. When necessary, RQA may further adjust other securities lending program attributes by restricting eligible collateral or reducing counterparty credit limits. As a result, the management of the indemnification exposure limit may affect the amount of securities lending activity BlackRock Group may conduct at any given point in time and impact indemnified and non-indemnified clients by reducing the volume of lending opportunities for certain loans (including by asset type, collateral type and/or revenue profile).

BlackRock Group uses a predetermined systematic and fair process in order to approximate pro-rata allocation. In order to allocate a loan to a portfolio: (i) BlackRock Group as a whole must have sufficient lending capacity pursuant to the various program limits (i.e. indemnification exposure limit and counterparty credit limits); (ii) the lending portfolio must hold the asset at the time a loan opportunity arrives; and (iii) the lending portfolio must also have enough inventory, either on its own or when aggregated with other portfolios into one single market delivery, to satisfy the loan request. In doing so, BlackRock Group seeks to provide equal lending opportunities for all portfolios, independent of whether BlackRock Group indemnifies the portfolio. Equal opportunities for lending portfolios does not guarantee equal outcomes. Specifically, short and long-term outcomes for individual clients may vary due to asset mix, asset/liability spreads on different securities, and the overall limits imposed by the firm.

28. Changes to the Funds and Meetings of Unitholders

Changes to any Fund may be made in accordance with the method of classification described in sections (a), (b) and (c) below.

(a) Fundamental change

A fundamental change is a change or event which:

(i) changes the purpose or nature of the Fund; or

(ii) may materially prejudice a unitholder; or

(iii) alters the risk profile of the Fund; or

(iv) introduces any new type of payment out of Fund property.

The Manager will obtain prior approval from unitholders to any fundamental change by way of an extraordinary resolution of the unitholders of the relevant Fund. See below for details of calling a meeting of unitholders.

(b) Significant change

A significant change is a change or event which the Manager and Trustee have determined is not a fundamental change but is a change which:

(i) affects a unitholder's ability to exercise his rights in relation to his investment; or

(v) would reasonably be expected to cause a unitholder to reconsider his participation in the relevant Fund; or

(vi) results in any increased payments out of Fund property to the Manager or any of its associate companies; or

(vii) materially increases other types of payment out of Fund property.

The Manager will give unitholders at least 60 days' notice in advance of implementing any significant change.

(c) Notifiable change

A notifiable change is a change or event, other than a fundamental change or a significant change, which is reasonably likely to affect or have affected the operation of a Fund.

Depending on the nature of the change the Manager will inform unitholders of notifiable events either by:

(i) sending of an immediate notification to unitholders; or

(ii) publishing information about the change on BlackRock's website; or

(iii) including it in the next report for the Fund.

(d) Notice

The Manager will write to unitholders at their registered postal or e-mail address (as applicable) to give notice of any fundamental change or significant change.

(e) Meetings of unitholders

Rules for the calling and conduct of meetings of unitholders and the voting rights of unitholders at such meetings are governed by the COLL Sourcebook and the Trust Deed. At a meeting of unitholders a resolution put to the vote shall be decided on a show of hands unless a poll is demanded by the chairman, by the Trustee or by at least two unitholders present in person or by proxy. On a show of hands every unitholder who (being an individual) is present in person or, (being a corporation) is present by its representative properly authorised in that regard, has one vote. On a poll the voting right for each unit must be the proportion of the voting rights attached to all of the units in issue that the value of the unit bears to the aggregate value of all the units in issue. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

A corporation being a unitholder may authorise such a person as it thinks fit to act as its representative at any meeting of unitholders and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual unitholder.

In the case of joint unitholders any joint unitholder may vote provided that if more than one votes the most senior unitholder in the Register who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint unitholders.

On a poll votes may be given either personally or by proxy.

The Manager and its associates may hold units in the Funds. The Manager is entitled to receive notice of and attend any meeting but it is not entitled to vote or be counted in the quorum and its units are not regarded as being in issue in relation to such meetings. An associate of the Manager may be counted in the quorum and if in receipt of voting instructions may vote in respect of units held on behalf of a person who, if himself the registered unitholder, would be entitled to vote, and from whom the associate has received voting instructions.

29. Winding Up

A Fund may be wound up upon the happening of any of the following:

(i) the order declaring it to be an authorised unit trust scheme is revoked; or

(ii) in response to a request to the FCA by the Manager or the Trustee for the revocation of the order declaring it to be an authorised unit trust scheme the FCA has agreed, albeit subject to there being no material change in any relevant factor, that, on the conclusion of the winding up of a Fund, the FCA will accede to that request; or

(iii) the effective date of a duly approved scheme of arrangement, which is to result in the Fund being left with no property.

On a winding up (otherwise than in accordance with an approved scheme of arrangement) the Trustee is required as soon as practicable after a Fund falls to be wound up, to realise the property of a Fund and, after paying out of the Fund or retaining adequate provision for all liabilities properly so payable and retaining provision for the costs of the winding up, to distribute the proceeds of that realisation to the unitholders and the Manager (upon production by them of such evidence as the Trustee may reasonably require as to their entitlement) proportionately to their respective interests in a Fund as at the date of the relevant event. The Trustee may, in certain circumstances, (and with the agreement of the affected unitholders) distribute property of a Fund (rather than the proceeds on the realisation of that property) to unitholders on a winding-up.

Any unclaimed net proceeds or other cash held by the Trustee after the expiration of twelve months from the date on which the

same became payable is to be paid by the Trustee into court subject to the Trustee having a right to retain from those net proceeds or other cash any expenses incurred in making the payment into court.

If a Fund is to be wound up in accordance with an approved scheme of arrangement, the Trustee is required to wind up a Fund in accordance with the resolution of unitholders approving such scheme. Distributions will only be made to unitholders entered on the register. Any net proceeds or cash (including unclaimed distribution payments) held by the Trustee which have not been claimed after 12 months will be paid into court, after the deduction by the Trustee of any expenses it may incur.

30. Allocation of Income

The income available for allocation is determined in accordance with the COLL Sourcebook and the Investment Management Association's Statement of Recommended Practice for Accounting Standards for Investment Funds (SORP).

Distributable income comprises all income received or receivable for the account of any Fund in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the Manager considers appropriate, in accordance with the COLL Sourcebook, in relation to taxation and other matters.

Income on debt securities, such as bonds and other fixed interest securities is calculated using the "**Effective Interest Rate**" method, in accordance with the methodology laid down in the SORP.

The Effective Interest Rate method for calculating income generated from debt securities, treats any premiums and discounts arising on the purchase of a debt security (when compared to its maturity or par value) as income and this, together with any future expected income streams on the debt security, is amortised (written off) over the life of that security (to its maturity) and discounted back to its present value and included in calculation of distributable income.

For the purposes of allocating income, the Manager will determine on an annual basis, with reference to the objectives of a Fund, whether such income should exclude premiums and discounts arising on purchase of bonds attributed through the Effective Interest Rate method.

Each Fund will distribute any available income following the end of each of its accounting periods in relation to which it has an income allocation date. Each accounting period ends on an accounting date (either interim or final). The ex-dividend date and record date is the first day of the month following the end of the previous accounting reference period. Details of the accounting periods and income allocation dates for each Fund are set out in Appendix 1.

In relation to Accumulation units, any available income will become part of the capital property of a Fund as at the end of the relevant accounting period. In relation to Income units, any income distribution will be made on or before the relevant income allocation date for a Fund to those unitholders who are entitled to the allocation by evidence of their holding on the register at the previous accounting date for that Fund. If an income allocation date is not a Business Day, the allocation will be made on the preceding Business Day.

31. Additional Information

(a) Investor Profile: Units in the Funds are and will continue to be made widely available to the general public. Each Fund is available for investment by both retail and professional investors but all clients will be treated as retail investors. The Manager will not consider the suitability or appropriateness of an investment in the Funds for an investor's individual circumstances. Investors should be willing to accept capital and income risk, which may vary greatly from Fund to Fund. The Funds are not suitable for short-term investment and should therefore generally be regarded as long-term investments. The price of units in a Fund, and any income from them, can go down as well as up and is not guaranteed.

(b) A purchase or sale of units in writing, and/or by telephone is a legally binding contract.

(c) Any person relying on the information contained in this prospectus, which was current at the date shown, should check with the Manager that this document is the most recent version and that no revisions have been made nor corrections published to the information contained in this prospectus since the date shown.

(d) This document is important and unitholders should read all the information contained in it carefully. If unitholders are in any doubt as to the meaning of any information contained in this document, unitholders should consult either the Manager or their financial adviser. The Manager has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no material facts, the omission of which would make misleading any statement herein whether of fact or opinion.

(e) Annual and half-yearly reports on each of the Funds are available free of charge on request to the Manager and include a list of the particular Fund's holdings of securities. For information on the publication dates pertaining to the reports of each of the Funds, please refer to Appendix 1.

(f) Complaints may be made about the operation of any of the Funds or any aspect of the service received to the Compliance Officer of the Manager at its registered address. If unitholders are not satisfied with the way the Manager handles a complaint, unitholders may follow up their complaint with the Financial Ombudsman Service, Exchange Tower, London, E14 9SR, (or visit the website at www.financialombudsman.org.uk). Tel: 0800 023 4567 or 0300 123 9 123. Email complaint.info@financial-ombudsman.org.uk. Making a complaint will not prejudice a unitholder's right to take legal action. Written details of the Manager's complaints procedure are available from the Manager upon request.

(g) (g) The Manager is a participant the Financial Services Compensation Scheme. Unitholders may be entitled to compensation from the scheme if the Manager cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of the first £85,000, so the maximum compensation is

£85,000.Further information about the Financial Services Compensation Scheme is available on request, or by contacting the Financial Services Compensation Scheme at 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU, Tel: 0800 678 1100.

(h) References in this prospectus to the client money rules are to the FCA CASS rules on client money. Subscription and redemption money will be held by BlackRock Fund Managers Limited in accordance with the FCA CASS rules on client money. As a result the money will be held by a regulated credit institution on behalf of BlackRock Fund Managers Limited. BlackRock Fund Managers Limited takes all reasonable care in the selection and appointment of those credit institutions to hold client money and its liability for the acts and omissions of those credit institutions is governed by the relevant agreement with them. In the event that the credit institution becomes insolvent, investors may not receive back all that was deposited.

If necessary to act in accordance with an investor's instructions, BlackRock Fund Managers Limited may hold the investor's money in a bank account at an approved bank outside the UK. In such circumstances the legal and regulatory regime applying to the approved bank will be different from that of the UK and in the event of the default of the bank the investor's money may be treated in a different manner from that which would apply if the money was held by a bank in the UK.

(i) Copies of the Trust Deeds, key investor information documents, the most recent annual and half-yearly Manager's reports and the COLL Sourcebook may be inspected at the Manager's registered office during normal business hours. Copies of the prospectus may be obtained from the Manager at its registered office free of charge and copies of the Trust Deeds are available free of charge to unitholders and at a charge of up to £5 per copy for the Trust Deeds for non-unitholders.

(j) A unitholder may also obtain from the Manager's registered office information supplementary to this prospectus relating to:

(i) the quantitative limits applying to risk management of each of the Funds;

(ii) the methods used in relation to (i); and

(iii) any recent development of the risk and yields of the main categories of investment.

(k) Data Protection. Prospective unitholders and unitholders are referred to the privacy notice of the Manager, which is provided as an addendum to the application form by which prospective unitholders and unitholders apply to purchase units (the "Privacy Notice").

The Privacy Notice explains, among other things, how the Manager processes personal data about individuals who invest in the Funds or apply to invest in the Funds and personal data about the directors,
officers, employees and ultimate beneficial owners of institutional investors.

The Privacy Notice may be updated from time to time. The latest version of the Privacy Notice is available at www.blackrock.com.

If you would like further information on the collection, use, disclosure, transfer or processing of your personal data or the exercise of any of the rights in relation to personal data as set out in the Privacy Notice, please address questions and requests to: The Data Protection Officer, BlackRock, 12 Throgmorton Avenue, London, EC2N 2DL.

(l) By buying units in any of the Funds unitholders agree that they may be sent information about the BlackRock Group's other investment products and services. The Manager will not sell or pass on details about a unitholder to any other third party. If unitholders do not wish to give this consent or if they wish to exercise their right to receive a copy of the information that the Manager holds about them, they should write to the Manager.

32. Risk Management Process

The Manager is required by the COLL Sourcebook to employ a risk management process in respect of the Funds which enables it to accurately monitor and manage the global exposure from financial derivative instruments ("global exposure") which each Fund gains.

The Manager may use a methodology known as the "Commitment Approach" in order to measure the global exposure of a Fund and manage the potential loss to it due to market risk. The Commitment Approach is a methodology that aggregates the underlying market or notional values of derivative instruments to determine the degree of global exposure of a fund to derivative instruments. In accordance with the COLL Sourcebook, the global exposure for a Fund must not exceed 100% of that Fund's net asset value.

The Manager may alternatively use a methodology known as "Value at Risk" ("**VaR**") in order to measure the global exposure of a Fund and manage the potential loss to it due to market risk. The VaR methodology measures the potential loss to a fund at a particular confidence (probability) level over a specific time period and under normal market conditions. The Manager uses the 99% confidence interval and one month measurement period for the purposes of carrying out this calculation.

There are two types of VaR measure which can be used to monitor and manage the global exposure of a fund: "**Relative VaR**" and "**Absolute VaR**". Relative VaR is where the VaR of a fund is divided by the VaR of an appropriate benchmark or reference portfolio, allowing the global exposure of a fund to be compared to, and limited by reference to, the global exposure of the appropriate benchmark or reference portfolio. The COLL Sourcebook specifies that the VaR of a fund must not exceed twice the VaR of its benchmark. Absolute VaR is commonly used as the relevant VaR measure for absolute return style funds which do not have a benchmark or other funds where a benchmark or reference portfolio is not appropriate for risk measurement purposes. The COLL Sourcebook specifies that the monthly VaR measure for such a fund must not exceed 20% of that fund's net asset value.

The type of methodology that the Manager applies in respect of each Fund to monitor and manage the global exposure of that Fund is set out in Appendix 1.

33. The Securities Financing Transactions Regulation

The Manager and the Trusts are subject to the provisions of the SFTR. The Funds may (subject to the investment policy) use total return swaps ("TRS") and securities financing transactions ("SFTs") to help meet the investment objective of a Fund and/or as part of efficient portfolio management. The types of assets that may be subject to TRS and SFTs include equity securities, fixed income securities, collective investment schemes, money market instruments and cash. For further detail as to the use by the Funds of TRS and SFTs, please refer to Appendix 1.

BlackRock select from an extensive list of full service and execution-only brokers and counterparties. All prospective and existing counterparties require the approval of the Counterparty Risk Group ("**CRG**"), which is part of BlackRock's independent Risk & Quantitative Analysis department ("**RQA**").

In order for a new trading counterparty to be approved, a requesting portfolio manager or trader is required to submit a request to the CRG. The CRG will review relevant information to assess the credit-worthiness of the proposed counterparty in combination with the type and settlement and delivery mechanism of the proposed security transactions. A list of approved trading counterparties is maintained by the CRG and reviewed on an on-going basis.

Counterparty reviews take into account the fundamental creditworthiness (ownership structure, financial strength, regulatory oversight) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities. Counterparties are monitored on an ongoing basis through the receipt of audited and interim financial statements, via alert portfolios with market data service providers, and where applicable, as part of BlackRock's internal research process. Formal renewal assessments are performed on a cyclical basis. Subject to applicable legal and regulatory requirements, the CRG has not set absolute criteria for the legal status, country of origin or credit rating of counterparties used in respect of the Funds, but these characteristics (where available in the case of credit ratings) will form part of its overall assessment, at both its initial review and ongoing monitoring, as to the fundamental creditworthiness and commercial reputation (as appropriate) of counterparties.

BlackRock select brokers based upon: (a) their ability to provide good execution quality (i.e. trading), whether on an agency or a principal basis; (b) their execution capabilities in a particular market segment; and (c) their operational quality and efficiency. We expect them to adhere to regulatory reporting obligations.

Once a counterparty is approved by the CRG, broker selection for an individual trade is then made by the relevant BlackRock dealer at the point of trade, based upon the relative importance of the relevant execution factors. For some trades, it is appropriate to enter into a competitive tender amongst a shortlist of brokers. BlackRock perform pre-trade analysis to forecast transaction cost and to guide the formation of trading strategies including selection of techniques, division between points of liquidity, timing and selection of broker. In addition, BlackRock monitors trade results on a continuous basis.

Broker selection will be based on a number of factors including, but not limited to the following:

- ability to execute and execution quality;
- ability to provide Liquidity/capital;
- price and quote speed;
- operational quality and efficiency; and
- adherence to regulatory reporting obligations.

(I) Acceptable Collateral and valuation

Collateral obtained in respect of derivatives (including forward exchange) and efficient portfolio management techniques, such as repo transactions or securities lending arrangements ("Collateral"), must comply with the following criteria:

(i) liquidity: Collateral (other than cash) should be sufficiently liquid in order that it can be sold at a price that is close to its pre-sale valuation;

(ii) valuation: Collateral should be capable of being valued on a daily basis and assets that exhibit high price volatility should not be accepted as Collateral unless suitably conservative haircuts are in place;

(iii) issuer: Collateral (other than cash) may be issued by a range of issuers;

(iv) correlation: Collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;

(v) diversification: there is no restriction on the level of diversification required with respect to any country, market or issuer; and

(vi) maturity: Collateral received may have a maturity date such as bonds or may not have a maturity date such as cash and equity.

(vii) asset types: The types of collateral that can be held are specified in paragraph 15 of Appendix 3.

(b) The value of Collateral obtained is marked to market on a daily basis. Subject to the framework of agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the general intention of BlackRock that any Collateral received shall have a value, adjusted in light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate. In addition, BlackRock has implemented a haircut policy in respect of each class of assets received as Collateral. A haircut is a discount applied to the value of a Collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the Collateral and the price volatility of the Collateral.

Subject to fees payable to the securities lending agent as set out in section 6, any revenues from repurchase and reverse repurchase agreements and TRS not received directly by the relevant Fund will be returned to the relevant Fund. Any such revenues will be returned, net of any direct and indirect operational costs and fees incurred.

The assets of a Fund that are subject to any SFT or TRS and any collateral received in connection with such transactions (i.e. where there is title transfer) shall be held by the Trustee or any appointed delegate of the Trustee on behalf of the relevant Fund. Where there is no title transfer of collateral, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

34. Securities Lending

There are potential conflicts of interests in managing a securities lending program, including but not limited to: (i) BlackRock as lending agent may have an incentive to increase or decrease the amount of securities on loan or to lend particular securities in order to generate additional risk-adjusted revenue for BlackRock and its affiliates; and (ii) BlackRock as lending agent may have an incentive to allocate loans to clients that would provide more revenue to Blackrock. As described further below, BlackRock seeks to mitigate this conflict by providing its securities lending clients with equal lending opportunities over time in order to approximate pro-rata allocation.

As part of its securities lending program, BlackRock indemnifies certain clients and/or funds against a shortfall in collateral in the event of borrower default. BlackRock's Risk and Quantitative Analytics Group ("RQA") calculates, on a regular basis, BlackRock's potential dollar exposure to the risk of collateral shortfall upon counterparty default ("shortfall risk") under the securities lending program for both indemnified and non-indemnified clients. On a periodic basis, RQA also determines the maximum amount of potential indemnified shortfall risk arising from securities lending activities ("indemnification exposure limit") and the maximum amount of counterparty-specific credit exposure ("credit limits") BlackRock is willing to assume as well as the program's operational complexity. RQA oversees the risk model that calculates projected shortfall values using loan-level factors such as loan and collateral type and market value as well as specific borrower counterparty credit characteristics. When necessary, RQA may further adjust other securities lending program attributes by restricting eligible collateral or reducing counterparty credit limits. As a result, the management of the indemnification exposure limit may affect the amount of securities lending activity BlackRock may conduct at any given point in time and impact indemnified and non-indemnified clients by reducing the volume of lending opportunities for certain loans (including by asset type, collateral type and/or revenue profile).

BlackRock uses a predetermined systematic and fair process in order to approximate pro-rata allocation. In order to allocate a loan to a portfolio: (i) BlackRock as a whole must have sufficient lending capacity pursuant to the various program limits (i.e. indemnification exposure limit and counterparty credit limits); (ii) the lending portfolio must hold the asset at the time a loan opportunity arrives; and (iii) the lending portfolio must also have enough inventory, either on its own or when aggregated with other portfolios into one single market delivery, to satisfy the loan request. In doing so, BlackRock seeks to provide equal lending opportunities for all portfolios, independent of whether BlackRock indemnifies the portfolio. Equal opportunities for lending portfolios does not guarantee equal outcomes. Specifically, short and long-term outcomes for individual clients may vary due to asset mix, asset/liability spreads on different securities, and the overall limits imposed by the firm.

35. The Benchmark Regulation

In respect of those Funds that are managed by reference to a benchmark index, the Manager is working with the applicable benchmark administrators for the benchmark indices of such Funds to confirm that the benchmark administrators are or intend to get themselves included in the register maintained by the FCA under the Benchmark Regulations. The Manager has in place and maintains robust written plans setting out the actions that they would take in the event that a benchmark is materially changed or ceases to be provided.

APPENDIX 1: Details, investment objectives, investment policies and fund benchmarks of each of the Funds

The following sections set out a description of a Fund's investment objective, investment policy and applicable benchmark (see further below).

A benchmark is a standard or point of reference (usually a financial index (e.g. FTSE 100)) against which an attribute of a Fund may be managed, measured or compared. This section is designed to explain why the Investment Manager has chosen particular benchmarks and to enable unitholders to understand how a Fund is managed and to assess Fund performance.

The benchmark types listed fall into three categories, as described by the FCA in COLL 4.2.5R(3):

(a) Target benchmark - where a target for a scheme's performance has been set, or a payment out of scheme property is permitted, by reference to a comparison of one or more aspects of the scheme property or price with fluctuations in the value or price of an index or indices or any other similar factor;

(b) Constraining benchmark - without being a target benchmark, arrangements are in place in relation to the scheme according to which the composition of the portfolio of the scheme is, or is implied to be, constrained by reference to the value, the price or the components of an index or indices or any other similar factor; and

(c) Comparator benchmark - without being a target benchmark or a constraining benchmark, the scheme's performance is compared against the value or price of an index or indices or any other similar factor (a "comparator benchmark").

Details of the investment restrictions applicable to a particular Fund are set out in Appendix 3.

Part One: BlackRock Institutional Bond Funds

BlackRock Institutional Bond Funds – All Stocks Corporate Bond

BlackRock Institutional Bond Funds – All Stocks Corporate Bond is a sub-fund of BlackRock Institutional Bond Funds, a UK UCITS scheme under the COLL Sourcebook. The Fund was established as an exempt unauthorised unit trust on 24 January 2002 and authorised by the FCA as an authorised unit trust on 1 January 2017. The Fund was previously known as Merrill Lynch Institutional Bond Funds – All Stocks Corporate Bond and adopted its present name with effect from 1 October 2006. The Fund's FCA product reference number is 768403.

Investment Objective

The aim of the Fund is to outperform the iBoxx Sterling Non-Gilts Bond Index gross of fees over the long term (5 consecutive years).

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.

Investment Policy

In seeking to achieve its investment objective, the Fund will invest at least 50% of its total assets in sterling denominated investment grade fixed income securities (e.g. bonds) issued by government agencies, companies and supranationals (e.g. the International Bank for Reconstruction and Development), but other fixed income securities, fixed income related investments (i.e. other investments whose value is related to fixed income securities), money-market instruments (i.e. debt securities with short-term maturities) and cash or assets that can be turned into cash quickly, may be acquired.

Credit rating restrictions will be based on the higher rating awarded by Standard & Poor's, Fitch, and Moody's or equivalent rating agency in the Manager's opinion. The Fund may invest in fixed income securities with a sub-investment grade credit rating (i.e. meet a specified level of creditworthiness). Where issues are not rated, they may be purchased if in the opinion of the Manager they are of equivalent quality to other eligible investments.

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective. Derivatives may also be used to seek to reduce risk (relevant to the objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

Where the Fund invests in assets denominated in a currency other than Sterling, the Investment Manager may use derivatives to reduce the effect of fluctuations in the exchange rate between that other currency and Sterling).

Fund Benchmark(s)

Target benchmark: iBoxx Sterling Non-Gilts Bond Index is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to outperform this index. This benchmark has been chosen because it forms part of the investment objective of the Fund and should be used by unitholders to compare the performance of the Fund.

Type of Units:	Class A Distribution Units
	Class A Accumulation Units
	Class B Distribution Units
	Class B Accumulation Units (available at the Manager's discretion)
Dealing Day:	Normally each Business Day between 8.30 a.m. and 5.30 p.m.
Valuation Point:	12 noon London time on each Business Day
Minimum investment:	Class A: £5,000 initial Class B: £1,000,000 initial £100 thereafter
+Minimum withdrawal:	£100
Current charges:	
Preliminary charge:	Class A: Nil Class B: up to 6%
Annual management charge:	Class A: Nil. A separate fee arrangement is agreed with the Manager or its associate. Class B: 0.35 %

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<tr><td>Risk management measure used:</td><td>Relative VaR using the iBoxx Sterling Non-Gilts Bond Index as the appropriate</td></tr>
</table>

Annual reports will be published on, or shortly after, the last day of February each year and half yearly reports on, or shortly after, 31 August each year.

^ With effect from 6 October 2023, the following discounts will apply to the Annual Management Charge for Class B units. Further details are given in the paragraph titled “Discounts to the Annual Management Charge” in this Prospectus.

BlackRock Institutional Bond Funds – All Stocks Gilt

This Fund is in the process of being closed and is no longer available for investment.

BlackRock Institutional Bond Funds – All Stocks Gilt is a sub-fund of BlackRock Institutional Bond Funds, a UK UCITS scheme under the COLL Sourcebook. The Fund was established as an exempt unauthorised unit trust on 24 January 2002 and authorised by the FCA as an authorised unit trust on 1 January 2017. The Fund was previously known as Merrill Lynch Institutional Bond Funds – All Stocks Gilt and adopted its current name with effect from 1 October 2006. It was previously known as Mercury Institutional Sterling Bond Exempt Fund Broad Index. The Fund's FCA product reference number is 768404.

Investment Objective

The aim of the Fund is to outperform the FTSE A UK Gilts All Stocks Index gross of fees over the long term (5 consecutive years).

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.

Investment Policy

In seeking to achieve its investment objective, the Fund will invest at least 50% of its total assets in Sterling denominated gilts (i.e. UK government bonds), but other fixed income securities (e.g. bonds), fixed income related investments (i.e. other investments whose value is related to equities), money-market instruments (i.e. debt securities with short-term maturities) and cash or assets that can be turned into cash quickly may be acquired.

Credit rating restrictions will be based on the higher rating awarded by Standard & Poor's, Fitch, and Moody's or equivalent rating agency in the Manager's opinion. The Fund may invest in fixed income securities with a sub-investment grade credit rating (i.e. securities which have a relatively low credit rating or which are unrated). Where issues are not rated, they may be purchased if in the opinion of the Investment Manager they are of equivalent quality to other eligible investments.

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective. Derivatives may also be used to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

Where the Fund invests in assets denominated in a currency other than Sterling, the Investment Manager may use derivatives to reduce the effect of fluctuations in the exchange rate between that other currency and Sterling).

Important note: The Fund is permitted to invest more than 35% of its scheme property in government and public securities issued or guaranteed by the Government of the UK (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly and the National Assembly of Wales).

BlackRock Institutional Bond Funds – Index Linked

BlackRock Institutional Bond Funds – Index Linked is a sub-fund of BlackRock Institutional Bond Funds, a UK UCITS scheme under the COLL Sourcebook. The Fund was established as an exempt unauthorised unit trust on 14 October 1997 and authorised by the FCA as an authorised unit trust on 1 January 2017. The Fund was previously known as Merrill Lynch Institutional Bond Funds – Index Linked and adopted its current name with effect from 1 October 2006. It was previously known as Mercury Institutional Sterling Bond Exempt Fund – Index Linked. The Fund's FCA product reference number is 768405.

Investment Objective

The aim of the Fund is to outperform the FTSE-A Government Securities Over 5 Year Index-Linked Index gross of fees over the long term (5 consecutive years).

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.

Investment Policy

In seeking to achieve its investment objective, the Fund will invest at least 50% of its total assets in Sterling denominated index-linked gilts (i.e. UK government bonds linked to an inflation index, meaning their value is protected against inflation), but other fixed income securities (e.g. bonds), fixed income related investments (i.e. other investments whose value is related to fixed income securities), money-market instruments (i.e. debt securities with short-term maturities) and cash or assets that can be turned into cash quickly may be acquired.

Credit rating restrictions will be based on the higher rating awarded by Standard & Poor's, Fitch, or Moody's or equivalent rating agency in the Manager's opinion. The Fund may invest in fixed income securities with a sub-investment grade credit rating (i.e. securities which have a relatively low credit rating or which are unrated). Where issues are not rated, they may be purchased if in the opinion of the Investment Manager they are of equivalent quality to other eligible investments.

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective. Derivatives may also be used to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

Where the Fund invests in assets denominated in a currency other than Sterling, the Investment Manager may use derivatives to reduce the effect of fluctuations in the exchange rate between that other currency and Sterling).

Important note: The Fund is permitted to invest more than 35% of its scheme property in government and public securities issued or guaranteed by the Government of the UK (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly and the National Assembly of Wales).

Fund Benchmark(s)

Target benchmark: FTSE-A Government Securities Over 5 Year Index-Linked Index is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to outperform this index. This benchmark has been chosen because it forms part of the investment objective of the Fund and should be used by unitholders to compare the performance of the Fund.

Type of Units:	Class A Distribution Units
	Class A Accumulation Units
	Class B Distribution Units
	Class B Accumulation Units (available at the Manager's discretion)
Dealing Day:	Normally each Business Day between 8.30 a.m. and 5.30 p.m.
Valuation Point:	12 noon London time on each Business Day
Minimum investment:	Class A: £5,000 initial Class B: £1,000,000 initial £100 thereafter
+Minimum withdrawal:	£100
Current charges:	
Preliminary charge:	Class A: Nil Class B: up to 6%
Annual management charge:	Class A: Nil. A separate fee arrangement is agreed with the Manager or its associate. Class B: 0.35 %

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Annual reports will be published on, or shortly after, the last day of February each year and half yearly reports on, or shortly after, 31 August each year.

^ With effect from 6 October 2023, the following discounts will apply to the Annual Management Charge for Class B units. Further details are given in the paragraph titled “Discounts to the Annual Management Charge” in this Prospectus.

BlackRock Institutional Bond Funds – Over 10 Year Corporate Bonds

BlackRock Institutional Bond Funds – Over 10 Year Corporate Bonds is a sub-fund of BlackRock Institutional Bond Funds, a UK UCITS scheme under the COLL Sourcebook. The Fund was established as an exempt unauthorised unit trust on 27 August 1999 and authorised by the FCA as an authorised unit trust on 1 January 2017. The Fund adopted its present name with effect from 1 October 2006. It was previously known as Mercury Institutional Sterling Bond Exempt Fund – Corporate Bonds. The Fund's FCA product reference number is 768406.

Investment Objective

The aim of the Fund is to outperform the iBoxx Sterling Non-Gilts Over 10 Year Bond Index gross of fees over the long term (5 consecutive years).

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.

Investment Policy
In seeking to achieve its investment objective, the Fund will invest at least 50% of its total assets in Sterling denominated investment grade non-government bonds, but other sterling denominated fixed income securities (e.g. bonds), fixed income related investments (i.e. other investments whose value is related to fixed income securities), gilts (i.e. UK government bonds), money-market instruments (i.e. debt securities with short-term maturities) and cash or assets that can be turned into cash quickly may be acquired.

Credit rating restrictions will be based on the higher rating awarded by Standard & Poor's, Fitch, and Moody's or equivalent rating agency in the Investment Manager's opinion. The Fund may invest in fixed income securities with a sub-investment grade credit rating (i.e. securities which have a relatively low credit rating or which are unrated). Where issues are not rated, they may be purchased if in the opinion of the Manager they are of equivalent quality to other eligible investments.

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective. Derivatives may also be used to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

Where the Fund invests in assets denominated in a currency other than Sterling, the Investment Manager may use derivatives to reduce the effect of fluctuations in the exchange rate between that other currency and Sterling).

Fund Benchmark(s)

Target benchmark: iBoxx Sterling Non-Gilts Over 10 Year Bond Index is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to outperform this index. This benchmark has been chosen because it forms part of the investment objective of the Fund and should be used by unitholders to compare the performance of the Fund.

Type of Units:	Class A Distribution Units
	Class A Accumulation Units
	Class B Distribution Units
	Class B Accumulation Units (available at the Manager's discretion)
Dealing Day:	Normally each Business Day between 8.30 a.m. and 5.30 p.m.
Valuation Point:	12 noon London time on each Business Day
Minimum investment:	Class A: £5,000 initial Class B: £1,000,000 initial £100 thereafter
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Current charges:	
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<tr><td>£3-5 billion</td><td>7% incremental discount</td></tr>
<tr><td>£5+ billion</td><td>8% incremental discount</td></tr>
</table></td></tr>
<tr><td>Income allocation dates:</td><td>Last day of February, 31 May, 31 August, 30 November</td></tr>
<tr><td>Annual accounting date:</td><td>31 December</td></tr>
<tr><td>Interim accounting dates:</td><td>30 June</td></tr>
<tr><td>Risk management measure used:</td><td>Relative VaR using the iBoxx Sterling Non-Gilts Over 10 Year Bond Index as the appropriate benchmark</td></tr>
</table>

Annual reports will be published on, or shortly after, the last day of February each year and half yearly reports on, or shortly after, 31 August each year.

^ With effect from 6 October 2023, the following discounts will apply to the Annual Management Charge for Class B units. Further details are given in the paragraph titled “Discounts to the Annual Management Charge” in this Prospectus.

BlackRock Institutional Bond Funds – Over 15 Year Gilt

This Fund is in the process of being closed and is no longer available for investment.

BlackRock Institutional Bond Funds – Over 15 Year Gilt is a sub-fund of BlackRock Institutional Bond Funds, a UK UCITS scheme under the COLL Sourcebook. The Fund was established as an exempt unauthorised unit trust on 14 October 1997 and authorised by the FCA as an authorised unit trust on 1 January 2017. The Fund was previously known as Merrill Lynch Institutional Bond Funds – Over 15 Year Gilt. The Fund adopted its present name with effect from 1 October 2006. It was previously known as Mercury Institutional Sterling Bond Exempt Fund – Long Dated. The Fund's FCA product reference number is 768407.

Investment Objective

The aim of the Fund is to outperform the FTSE-A UK Gilts Over 15 Years Index gross of fees over the long term (5 consecutive years).

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.

Investment Policy

In seeking to achieve its investment objective, the Fund will invest at least 50% of its total assets in Sterling denominated gilts (i.e. UK government bonds), but other fixed income securities (e.g. bonds), fixed income related investments (i.e. other investments whose value is related to fixed income securities), money-market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly may be acquired.

Credit rating restrictions will be based on the higher rating awarded by Standard & Poor's, Fitch, or Moody's or equivalent rating agency in the Investment Manager's opinion. The Fund may invest in fixed income securities with a sub-investment grade credit rating (i.e. securities which have a relatively low credit rating or which are unrated). Where issues are not rated, they may be purchased if in the opinion of the Investment Manager they are of equivalent quality to other eligible investments.

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective. Derivatives may also be used to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

Where the Fund invests in assets denominated in a currency other than Sterling, the Investment Manager may use derivatives to reduce the effect of fluctuations in the exchange rate between that other currency and Sterling).

Important note: The Fund is permitted to invest more than 35% of its scheme property in government and public securities issued or guaranteed by the Government of the UK (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly and the National Assembly of Wales).

Part Two: BlackRock Institutional Equity Funds

BlackRock Institutional Equity Funds - Continental Europe

This Fund is in the process of being closed and is no longer available for investment.

BlackRock Institutional Equity Funds – Continental Europe is a sub-fund of BlackRock Institutional Equity Funds, a UK UCITS scheme under the COLL Sourcebook. The Fund was established as an exempt unauthorised unit trust on 5 March 1998 and authorised by the FCA as an authorised unit trust on 1 January 2017. The Fund was previously known as Merrill Lynch Institutional Trust – Continental Europe and adopted its present name with effect from 1 October 2006. The Fund was first known as Mercury Institutional Trust – Continental Europe. The Fund's FCA product reference number is 768408.

Investment Objective and Policy

The Fund aims to provide a long-term total return by investing mainly in equities and equity related securities issued by companies incorporated in Continental Europe (including Scandinavia) and the Republic of Ireland.

The Fund may also invest in other transferable securities, permitted money-market instruments, permitted deposits, cash and near cash and units in collective investment schemes (which may be Associated Funds). Derivatives may be used for investment and efficient portfolio management purposes.

BlackRock Institutional Equity Funds – Emerging Markets

This Fund is in the process of being terminated and is no longer available for investment.

BlackRock Institutional Equity Funds – Emerging Markets is a sub-fund of BlackRock Institutional Equity Funds, a UK UCITS scheme under the COLL Sourcebook. The Fund was established as an exempt unauthorised unit trust on 18 July 1997 and authorised by the FCA as an authorised unit trust on 1 January 2017. The Fund was previously known as Merrill Lynch Institutional Trust Emerging Markets. The Fund adopted its present name with effect from 1 October 2006. The Fund was first known as Mercury Institutional Trust – Emerging Markets Fund. The Fund's FCA product reference number is 768409.

Investment Objective
The aim of the Fund is to provide a return on your investment, generated through an increase in the value of the assets held by the Fund, or the income generated by those assets over the long term (5 or more consecutive years beginning at the point of investment) by investing in companies incorporated in emerging market countries.

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.

Investment Policy
In seeking to achieve its investment objective, the Fund will invest at least 50% of its total assets (directly or indirectly (e.g. using other investment funds)) in equities (i.e. shares) and equity related investments (i.e. other investments whose value is related to equities) issued by companies incorporated in emerging markets (i.e. those countries that are progressing towards developing more advanced financial and economic structures). Investments will be made in emerging market countries including Latin America, Europe, Asia and Africa.

The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include other equity securities, equity related investments, fixed income securities (e.g. bonds), fixed income related investments (i.e. other investments whose value is related to fixed income securities), money-market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly and units in collective
investment schemes (i.e. other investment funds which may be Associated Funds).

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective. Derivatives may also be used to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

BlackRock Institutional Equity Funds – Japan

This Fund is in the process of being closed and is no longer available for investment.

BlackRock Institutional Equity Funds – Japan is a sub-fund of BlackRock Institutional Equity Funds, a UK UCITS scheme under the COLL Sourcebook. The Fund was established as an exempt unauthorised unit trust on 5 March 1998 and authorised by the FCA as an authorised unit trust on 1 January 2017. The Fund was previously known as Merrill Lynch Institutional Trust Emerging Markets. The Fund adopted its present name with effect from 1 October 2006. The Fund was first known as Mercury Institutional Trust – Emerging Markets Fund. The Fund's FCA product reference number is 768410.

Investment objective and policy
The Fund aims to provide a long-term total return by investing mainly in equities and equity related securities issued by companies incorporated in Japan.

The Fund may also invest in other transferable securities, permitted money-market instruments, permitted deposits, cash and near cash and units in collective investment schemes (which may be Associated Funds). Derivatives may be used for investment and efficient portfolio management purposes

BlackRock Institutional Equity Funds – Pacific

This Fund is in the process of being closed and is no longer available for investment.

BlackRock Institutional Equity Funds – Pacific is a sub-fund of BlackRock Institutional Equity Funds, a UCITS scheme under the COLL Sourcebook. The Fund was established as an exempt unauthorised unit trust on 5 March 1998 and authorised by the FCA as an authorised unit trust on 1 January 2017. The Fund was first known as Mercury Institutional Trust – Pacific Fund and adopted its current name with effect from 1 October 2006. The Fund was previously known as Merrill Lynch Institutional Trust – Pacific Fund. The Fund's FCA product reference number is 768411.

Investment objective and policy
The Fund aims to provide a long-term total return by investing primarily in equities, and equity related securities issued by companies incorporated in or deriving significant profits from the Pacific Basin, concentrating on Australia, Hong Kong, Malaysia, New Zealand, Singapore, South Korea, Taiwan or Thailand or in investment companies investing primarily in such countries.

The Fund may also invest in other transferable securities, permitted money-market instruments, permitted deposits, cash and near cash and units in collective investment schemes (which may be Associated Funds). Derivatives may be used for investment and efficient portfolio management purposes.

BlackRock Institutional Equity Funds – UK Smaller Companies

This Fund is in the process of being closed and is no longer available for investment.

BlackRock Institutional Equity Funds – UK Smaller Companies is a sub-fund of BlackRock Institutional Equity Funds, a UK UCITS scheme under the COLL Sourcebook. The Fund was established as an exempt unauthorised unit trust on 13 December 1994 and authorised by the FCA as an authorised unit trust on 1 January 2017. The Fund was previously known as Merrill Lynch Institutional Trust UK Smaller Companies Fund and adopted its current name with effect from 1 October 2006. The Fund was previously known as Mercury Institutional Trust – Mercury Alpha Special Solutions Investment Fund. The Fund's FCA product reference number is 768412.

Investment Objective
The aim of the Fund aims to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) over the long term (5 or more consecutive years beginning at the point of investment) by investing in a broad range of smaller companies incorporated and listed in the UK or Ireland.

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.

Investment Policy

In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in equities (i.e shares) and equity related investments (i.e. other investments whose value is related to equities) of a broad range of smaller companies incorporated and listed in the UK or Ireland. Smaller companies are those whose market capitalisations (market capitalisation is the share price of the company multiplied by the number of shares issued) are similar to that of companies in the Numis Smaller Companies plus AIM ex-Investment Trusts Index at the time of the Fund's investment.

The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include other equity securities (including in medium or large companies), equity related investments, fixed income securities (e.g. bonds), money-market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly and units in collective investment schemes (i.e. other investment funds which may be Associated Funds).

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective. Derivatives may also be used to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

BlackRock Institutional Equity Funds – UK Select Equity

This Fund is in the process of being closed and is no longer available for investment.

BlackRock Institutional Equity Funds – UK Select Equity is a sub-fund of BlackRock Institutional Equity Funds, a UK UCITS scheme under the COLL Sourcebook. The Fund was established as an exempt unauthorised unit trust on 20 December 1994 and authorised by the FCA as an authorised unit trust on 1 January 2017. The Fund was previously known as Merrill Lynch Institutional Trust UK Specialist Equity Fund and as BlackRock Institutional Equity Funds – UK Specialist from 1 October 2006. The Fund adopted its current name with effect from 1 January 2017. The Fund's FCA product reference number is 768413.

Investment Objective
The aim of the Fund is to outperform the FTSE All-Share Index by 2% per annum gross of fees over the long term (5 consecutive years) by making investments in companies incorporated and listed in the UK.

Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. The Fund's capital is at risk meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.

Investment Policy

In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in equities (i.e. shares), equity related investments (i.e. other investments whose value is related to equities) of companies incorporated and listed in the UK.

The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include other equity securities (i.e. shares), equity related investments, fixed income securities (e.g. bonds), money-market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly and units in collective investment schemes (i.e. other investment funds which may be Associated Funds).

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to further the Fund's investment objective. Derivatives may also be used to seek to reduce risk (relevant to the investment objective of the Fund) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

Fund Benchmark(s)

Target benchmark: FTSE All-Share Index (plus 2% (gross of fees)) is used by the Investment Manager to assess the performance of the Fund. The Fund's aim is to outperform the index. This benchmark has been chosen because it forms part of the investment objective of the Fund and should be used by unitholders to compare the performance of the Fund.

Type of Units:	Class A Distribution Units
	Class A Accumulation Units (available at the Manager's discretion)
	Class B Distribution Units (available at the Manager's discretion)
	Class B Accumulation Units (available at the Manager's discretion)
Dealing Day:	Normally each Business Day between 8.30 a.m. and 5.30 p.m.
Valuation Point:	12 noon London time on each Business Day
Minimum investment for each type of Unit:	Class A: £5,000 initial Class B: £1,000,000 initial £100 thereafter
+Minimum withdrawal:	£100
Current charges:	
Preliminary charge	Class A: Nil Class B: up to 6%
Annual management charge	Class A: Nil. A separate fee arrangement is agreed with the Manager or its associate. Class B: Available from the Manager
Income allocation dates:	Last day of February
Annual Accounting date:	31 December

Interim Accounting date:	30 June
Risk management measure used:	Commitment approach

Annual reports will be published on, or shortly after, the last day of February each year and half yearly reports on, or shortly after, 31 August each year.

APPENDIX 2: BlackRock Fund Managers Limited - Other Regulated Collective Investment Schemes

Name	Regulatory status
BlackRock Absolute Return Bond Fund	UK UCITS Scheme
BlackRock Alternative Strategies I LTAF	Long-term Asset Fund
BlackRock Aquila Emerging Markets Fund *	UK UCITS Scheme
BlackRock Authorised Contractual Scheme	UK UCITS Scheme
BlackRock Authorised Contractual Scheme (2)	Non-UCITS Retail Scheme
BlackRock Asia Fund	UK UCITS Scheme
BlackRock Asia Special Situations Fund	UK UCITS Scheme
BlackRock Balanced Growth Portfolio Fund	UK UCITS Scheme
BlackRock Cash Fund	UK UCITS Scheme
BlackRock Collective Investment Funds	UK UCITS Scheme
BlackRock Continental European Fund	UK UCITS Scheme
BlackRock Continental European Income Fund	UK UCITS Scheme
BlackRock Corporate Bond Fund	UK UCITS Scheme
BlackRock Developed Markets Equity Fund (UK)*	UK UCITS Scheme
BlackRock Dynamic Allocation Fund	UK UCITS Scheme
BlackRock Dynamic Diversified Growth Fund	UK UCITS Scheme
BlackRock Emerging Markets Fund	UK UCITS Scheme
BlackRock European Absolute Alpha Fund	UK UCITS Scheme
BlackRock European Dynamic Fund	UK UCITS Scheme
BlackRock Global Bond Fund	UK UCITS Scheme
BlackRock Global Unconstrained Equity Fund (UK)	UK UCITS Scheme
BlackRock Global Income Fund	UK UCITS Scheme
BlackRock Global Multi Asset Income Fund*	UK UCITS Scheme
BlackRock Gold and General Fund	UK UCITS Scheme
BlackRock Growth and Recovery Fund	UK UCITS Scheme
BlackRock International Equity Fund*	UK UCITS Scheme
BlackRock Investment Funds	UK UCITS Scheme
BlackRock LBG DC "A" Fund*	UK UCITS Scheme
BlackRock Market Advantage Fund	UK UCITS Scheme
BlackRock Natural Resources Fund	UK UCITS Scheme
BlackRock Non-UCITS Retail Funds	Non-UCITS Retail Scheme
BlackRock Non-UCITS Retail Funds (2)	Non-UCITS Retail Scheme
BlackRock Charities Funds	Non-UCITS Retail Scheme
BlackRock Systematic Continental European Fund*	UK UCITS Scheme
BlackRock UK Absolute Alpha Fund	UK UCITS Scheme
BlackRock UK Dynamic Fund*	UK UCITS Scheme
BlackRock UK Equity Fund	UK UCITS Scheme
BlackRock UK Focus Fund*	UK UCITS Scheme

BlackRock UK Fund	UK UCITS Scheme
BlackRock UK Income Fund	UK UCITS Scheme
BlackRock UK Smaller Companies Fund	UK UCITS Scheme
BlackRock UK Special Situations Fund	UK UCITS Scheme
BlackRock UK Specialist Fund*	UK UCITS Scheme
BlackRock US Dynamic Fund	UK UCITS Scheme
BlackRock US Opportunities Fund	UK UCITS Scheme
BlackRock Alternative Strategies I LTAF	LTAF

* These Funds are in the process of being closed.

APPENDIX 3: Investment Restrictions applicable to the Funds

1. Investment and Borrowing Powers

The property of each Fund will be invested with the aim of achieving the investment objective of each Fund set out in Appendix 1 but subject to the limits set out in Chapter 5 of the COLL Sourcebook. The Manager will ensure that, taking into account of the investment objectives and policies of the Funds, it aims to provide a prudent spread of risk.

2. Eligible Assets

The following restrictions under the COLL Sourcebook and (where relevant) determined by the Manager currently apply to each of the Funds.

2.1. The investments of each Fund shall consist of one or more of the following:

(i) transferable securities and approved money-market instruments admitted to or dealt in a regulated market (as defined by the FCA);

(ii) transferable securities and approved money-market instruments dealt in on markets in the UK or member states of the EEA, that are operating regularly, are recognised and are open to the public;

(iii) transferable securities and approved money-market instruments admitted to official listings on or dealt in on other eligible markets;

(iv) recently issued transferable securities provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market and such admission is secured within a year of issue.

2.2. A transferable security is eligible for investment if it meets the following criteria:

(i) the potential loss that a Fund may incur by holding the security is limited to the amount paid for it;

(ii) its liquidity does not compromise the Manager's ability to redeem units;

(iii) reliable and regular valuation is available to the market and the Manager;

(iv) appropriate information about the transferable security is available to the market and the Manager;

(v) the transferable security is a negotiable instrument; and

(vi) its risks are adequately captured by the risk management process of the Manager.

2.3. Approved money-market instruments are those normally dealt in on the money-market, are liquid and have a value which can be accurately determined at any time, and with the exception of those dealt in on an eligible market, appropriate information is available to the market and the Manager.

2.4. Approved money-market instruments other than those listed on or normally dealt on an eligible market are eligible if the issue or issuer of such approved money-market instruments is itself regulated for the purpose of protecting investors and savings, and provided they are issued or guaranteed by a central, regional or local authority of the UK or an EEA State (or, if the EEA State is a federal state, on the of members making up the federation), the Bank of England a central bank of an EEA state, the European Central Bank, the EU or the European Investment Bank, a non-EEA state or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which the UK or one or more EEA states belong; or issued by a body, any securities of which are dealt in on an eligible market; or issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by UK or EU law or by an establishment which is subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.

2.5. A Fund may invest no more than 10% of its scheme property in transferable securities and approved money-market instruments other than those referred to in sections 2.1 to 2.4 of this Appendix 3.

3. Eligible Markets

A market is eligible for the purposes of the rules if it is a regulated market (as defined in the COLL Sourcebook), or a market in the UK or an EEA state which is regulated, operates regularly and is open to the public.

A market not falling within the above definition is eligible if the Manager, after consultation and notification with the Trustee, decides that market is appropriate for the investment of, or dealing in, the property, the market is included in a list in the prospectus, and the Trustee has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market, and all reasonable steps have been taken by the Manager in deciding whether that market is eligible.

A market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors. Unless information is available to the Manager that would lead to a different determination, a transferable security which is admitted or dealt on an eligible market shall be presumed not to compromise the ability of the Manager to be able to redeem units and to be considered a negotiable instrument. The list of eligible securities and derivatives markets for the Funds is set out in Schedules 1 and 2 to this prospectus.

4. Collective Investment Schemes

4.1. A Fund may invest in units in collective investment schemes ("**CIS**") which:

(i) Are a UK UCITS or a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or

(ii) a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey, or the Isle of Man (provided the requirements of COLL 5.2.13AR are met); or

(iii) are authorised in the UK as a non-UCITS retail scheme and meeting the requirements of COLL 5.2.13AR;

(iv) are authorised in an EEA state and meeting the requirements of COLL 5.2.13AR; or

(v) are authorised by the competent authority of an OECD member country (other than an EEA state) which has:

- signed the IOSCO Multilateral Memorandum of Understanding; and
- approved the management company of the CIS, its rules and depositary/custody arrangements;
- provided the requirements of COLL 5.2.13AR are met;

and provided that:

(i) no more than 30% of the value of a Fund may be invested in other CIS which are not UK UCITS schemes but satisfy the conditions in 4.1 (ii) to (v) above, although it is the Manager's current policy to apply a more restrictive limit as described in paragraph 4.3 below;

(ii) the level of protection for unitholders in the other CIS is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money-market instruments are equivalent to the relevant requirements in COLL 5;

(iii) the business of the other CIS is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period.

4.2. In addition, in the case of all underlying CIS no more than 10% of the assets of the CIS, whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UK UCITS or other CISs. For this purpose each sub-fund of an umbrella scheme is to be treated as if it were a separate scheme.

4.3. Each Fund may acquire the units of UK UCITS and/or other CIS referred to above, provided that the aggregate investment in UK UCITS or other CIS does not exceed 10% of the scheme property of each Fund, unless otherwise provided for in the relevant Fund's investment policy.

4.4. Each Fund may invest in the units of other UK UCITS and/or other CIS that are managed by the Manager or by an associate (as defined by the FCA) in which case no subscription or redemption fees may be charged to the Funds on their investment in the units of such other UK UCITS and/or CIS in accordance with the rules in the COLL Sourcebook. In addition, the Manager shall normally invest in the units of other UK UCITS and/or CIS that are managed by the Manager or by an associate on the basis that either no annual management charge will be charged to the Funds or a full retrocession of the annual management charge shall be returned to the Funds, otherwise the maximum level of annual management charge that may be charged to Funds for investing in underlying funds is 3.5% of the Fund's net asset value.

4.5. Companies of the BlackRock Group which provide investment advisory services to the Funds, other UK UCITS and/or other CIS, may also cause the Funds through those investment services, other UK UCITS and/or other CIS to seed other products (including the Funds) sponsored or managed by the BlackRock Group.

5. Deposits, Cash and Near Cash

5.1. Each Fund may invest in deposits with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months. Deposits may be held for strategic purposes as cover for derivative positions or tactically, as described in paragraph 5.2 below.

5.2. The investment objective and policy of each Fund may mean that at times it is appropriate not to be fully invested but to hold cash or near cash for reasons other than for the purpose of meeting a Fund's investment objective (where applicable). Cash and near cash must not be retained in the property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

(i) redemption of units; or

(ii) efficient management of the Fund in accordance with its investment objectives; or other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund; or

(iii) in pursuit of that Fund's investment objectives.

6. Warrants

Where a Fund invests in warrants, the Manager must ensure that upon exercising the right conferred by the warrant the exposure created does not exceed the general limits on spread of investments set out below. No more than 5% of any Fund will be invested in warrants.

7. Nil and Partly Paid Securities

In respect of nil and partly paid securities a transferable security or approved money-market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Funds, at the time when payment is required, without contravening the rules in COLL 5.

8. General - Derivatives and Forward Transactions

8.1. A Fund may use derivatives in pursuit of its investment objective and policy and/or to hedge market and currency risk for the purposes of efficient portfolio management ("EPM"), as set out in Appendix 1.

The use of derivatives for the purposes of EPM is not intended to increase the risk profile of the Funds. The Manager uses a risk management process, to monitor and measure as frequently as appropriate the risk of a Fund's portfolio and contribution of the underlying investments to the overall risk profile of the Fund.

The use of derivatives may expose a 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 size of the contract, so that transactions are geared. A relatively small market movement may have a potentially larger impact on derivatives than in standard bonds or equities.

8.2. Where derivatives are used for the purpose of EPM, they will only be used in accordance with the following criteria:

(i) they are economically appropriate in that they are realised in a cost effective way;

(ii) they are entered into for one or more of the following specific aims:

- reduction of risk;
- reduction of costs; or
- generation of additional capital or income for the Fund with a level of risk which is consistent with the risk profile of the Fund and prevailing risk diversification requirements laid down in the FCA Rules;

(iii) their risks are adequately captured by the Manager's risk management process.

8.3. The Manager uses a risk management process, as reviewed by the Trustee, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of that Fund. The details of the risk management process include the following information:

(i) the types of derivatives and forwards to be used within a Fund together with their underlying risks and any relevant quantitative limits; and

(ii) the methods for estimating risks in derivative and forward transactions.

The Manager must notify the FCA in advance of any material alteration to the details above.

9. Permitted Transactions in Derivatives and Forwards

9.1. A transaction in a derivative must be in an approved derivative (as defined by the FCA); or be one which complies with the requirements for entering into OTC transactions in derivatives.

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Trust Deed and the most recently published version of this prospectus.

A transaction in a derivative must have the underlying consisting of any or all of the following to which a Fund is dedicated, i.e. transferable securities and approved money-market instruments, approved money-market instruments permitted under paragraph 2.4 of this Appendix 3, permitted deposits, permitted derivatives, permitted collective investment scheme units, permitted financial indices, interest rates, foreign exchange rates, and currencies, and may not result in the delivery, including in the form of cash, of assets other than those referred to in sections 2 to 8 of this Appendix 3.

A Fund may not undertake transactions in derivatives on commodities.

Any forward transaction must be with an approved counterparty.

All derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house is backed by an appropriate performance guarantee; and it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives.

9.2 No agreement by or on behalf of a Fund to dispose of property or rights may be made unless:

(i) the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment of rights; and

(ii) the property and rights at (i) are owned by that Fund at the time of the agreement.

Where a Fund holds an index-based derivative, the financial index must satisfy the following criteria:

(i) the index is sufficiently diversified

(ii) the index represents an adequate benchmark for the market to which it refers; and

(iii) the index is published in an appropriate manner.

A financial index is sufficiently diversified if:

(i) it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index; where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and

(ii) where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.

A financial index represents an adequate benchmark for the market to which it refers if:

(i) it measures the performance of a representative group of underlyings in a relevant and appropriate way;

(ii) it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and

(iii) the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

A financial index is published in an appropriate manner if:

(i) its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

(ii) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings

pursuant to this section 9, be regarded as a combination of those underlyings.

9.3 Where derivative instruments are used, the overall risk profile of a Fund may be increased.

9.4 Accordingly, where derivative instruments are used, the Manager will employ a risk-management process which enables the Manager to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the relevant Fund, as further explained in section 32 of this prospectus. The risk management methodology that applies to each Fund is set out in Appendix 1.

(i) Where the "Commitment Approach" to risk management is being used the Manager must ensure that its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the scheme property.

(ii) The Manager must calculate its global exposure on at least a daily basis.

(iii) For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

9.5 The Manager must calculate the global exposure of a Fund it manages either as:
(i) the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in section 9.7 below), which may not exceed 100% of the net value of the scheme property; or
(ii) the market risk of the scheme property.

9.6 The Manager must calculate the global exposure of a Fund by using:

(i) the Commitment Approach; or

(ii) the Value at Risk approach.

9.7 The Manager must ensure that the method selected in 9.6 is appropriate, taking into account:

(i) the investment strategy pursued by the UK UCITS scheme;

(ii) the types and complexities of the derivatives and forward transactions used; and

(iii) the proportion of the scheme property comprising derivatives and forward transactions.

9.7.1 Where a Fund employs techniques and instruments including repo contracts or securities lending transactions in accordance with section 15 below (Securities lending) in order to generate additional leverage or exposure to market risk, the Manager must take those transactions into consideration when calculating global exposure.

9.7.2 For the purposes of 9.6(ii), value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

9.7.3 With regard to a Fund's underlying assets, the Manager will ensure that when a transferable security or approved money-market instrument embeds a derivative, the derivative must be taken into account when complying with the requirements under the risk management process and section 9.4 above and contains a component that:

(i) by virtue of that component, some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which embeds the derivative can be modified according to specified interest rates, financial instrument price, foreign exchange rate, index of prices and rates, credit rating or credit index or other variable and therefore vary in any way similar to a stand-alone derivative;

(ii) its economic characteristics and risks are not closely related to the economic characteristics of the derivative;

(iii) it has significant impact on the risk profile and pricing of the transferable security.

A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.

Where a Fund holds an index-based derivative, provided the index falls within the rules of eligibility of an index set out in the paragraph 10(iv) below, the underlying constituents do not have to be taken into account when calculating the spread requirements in section 10 below.

10. Spread Limits

A Fund may not invest in any one issuer in excess of the limits set out below. These limits do not apply to investment in government and public securities which are considered separately in section 11 below:

(i) Not more than 5% in value of the property of a Fund is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of its scheme property. For these purposes certificates representing certain securities are treated as equivalent to the underlying security. Covered bonds need not be taken into account for the purposes of applying the limit of 40%. The limit of 5% above is raised to 25% of a Fund's scheme property in respect of covered bonds provided that where a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the scheme property.

(ii) Not more than 20% of the value of a Fund's scheme property may be invested in deposits made with the same entity.

(iii) The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the property. This limit is raised to 10% where the counterparty is an Approved Bank. Exposure to a counterparty in an OTC derivative transaction may be reduced by using collateral in accordance with the techniques set out in section 18 below. When calculating the exposure of a Fund to an OTC counterparty, in accordance with the limits set out in this paragraph, the Manager must use the positive mark-to-market value of the OTC derivative contract with that counterparty.

(iv) Notwithstanding the individual limits laid down in paragraphs 10 (i) to (iii) above, a Fund may not combine

- investments in transferable securities or money-market instruments issued by a single body, and/or
- deposits (where permitted) made with a single body, and/or
- exposures arising from OTC derivative transactions undertaken with a single body,

in excess of 20% of its scheme property.

When a transferable security or approved money-market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above mentioned restrictions.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with section 399 of the Companies Act 2006, Directive 2013/34/EU or in accordance with recognised international accounting rules, are regarded as a single entity for the purpose of calculating the investment limits mentioned in paragraphs 10 (i) to (iii) above.

A Fund may not invest more than 20% of its scheme property in transferable securities or approved money-market instruments issued by the same group subject to restrictions in paragraphs 10.1 (i) and 10.1 (iv) above.

Without prejudice to the limits laid down in section 13 below, the limits laid down in paragraph 10.1 (i) above is raised to a maximum of 20% for investment in equity and/or debt securities issued by the same body when the aim of the investment policy of a Fund is to replicate the composition of a certain equity or debt securities index on the following basis:

(i) the composition of the index is sufficiently diversified;

(ii) the index is an adequate benchmark for the market to which it refers;

(iii) it is published in an appropriate manner which relies on sound pricing procedure;

An index represents an adequate benchmark for the market to which it refers if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers. An index is published in an appropriate manner if it is accessible to the public and the index provider is independent from the index replicating Fund (this does not prevent the index provider and the Fund being part of the same group provided effective arrangements are in place for the management of conflicts of interests).

The limit of 20% can be raised to 35% for a particular Fund where that proves to be justified by exceptional market conditions, in particular in eligible markets where certain transferable securities or approved money-market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

11. Government and Public Securities

Where no more than 35% in value of the property of a Fund is invested in transferable securities and/or money-market instruments that are issued by a government or public entity described in COLL 5.2.12R(1) ("such securities") issued by any one body, there is no limit on the amount which may be invested by a Fund in such securities or in any one issue. BlackRock Institutional Bond Funds – All Stocks Gilt*, BlackRock Institutional Bond Funds – Index Linked, and BlackRock Institutional Bond Funds – Over 15 Year Gilt* are permitted to invest more than 35% of their scheme property in government and public securities issued or guaranteed by any body specified below. The Manager will consult the Trustee where more than 35% of the scheme property is invested in such securities in order to ensure that the issuer of such securities is one which is appropriate in accordance with the investment objectives of this Fund.

Where more than 35% of scheme property does comprise government and public securities issued by any one issuer, then up to 30% of the property of the relevant Fund may consist of such securities of any one issue and the Fund's total holding of government and public securities must include such securities issued by that or another issuer of at least six different issues.

The issuer or guarantors for the purpose of the above limits are as follows:

(i) the Government of the UK (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly and the National Assembly of Wales);

(ii) the Government of any EEA State including the Governments of Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden;

(iii) the Governments of Australia, Canada, Japan, New Zealand, and the United States of America;

(iv) The World Bank, The Inter-American Development Bank, The European Investment Bank and The European Bank for Reconstruction and Development.

12. Significant influence

The Manager must not acquire or cause to be acquired for the authorised unit trust for which it acts as manager, transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if immediately before the acquisition, the aggregate of any such securities held for that Fund together with any other securities held for authorised unit trusts managed by the Manager gives the Manager power significantly to influence the conduct of business of that body corporate, or the acquisition gives the Manager that power.

The Manager is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held for all the authorised unit trusts of which it is the manager, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

13. Concentration

A Fund may not:

(i) acquire transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general

* This Fund is in the process of being terminated and is no longer available for investment.

meeting of the body corporate that issued them, and represent more than 10% of those securities issued by that body corporate;

(ii) acquire more than 10% of the debt securities issued by any single body;

(iii) acquire more than 10% of approved money-market instruments of any single body.

A Fund need not comply with the limits above if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

14. Borrowing

14.1. The Trustee (on the instructions of the Manager) may, in accordance with this paragraph, borrow money for the use of the Funds on terms that the borrowing is to be repayable out of the property. This power to borrow is subject to the obligation of the Funds to comply with any restriction in the Trust Deeds. The Trustee may borrow only from an Eligible Institution or an Approved Bank. The Manager must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the Manager must have regard in particular to the duration of any period of borrowing, and the number of occasions on which resort is had to borrowing in any period. In addition, the Manager must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Trustee, the Trustee's consent may be given only on such conditions as appear to the Trustee appropriate to ensure that the borrowing does not cease to be on a temporary basis only.

The Manager must ensure a Fund's borrowing does not, on any Business Day, exceed 10% of the value of the property of the Fund. "Borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the property in the expectation that the sum will be repaid.

None of the money in the property of the Fund may be lent and, for the purposes of this prohibition, money is lent by the Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee. Acquiring a debenture is not lending; nor is the placing of money on deposit or in a current account.

The property of the Funds other than money must not be lent by way of deposit or otherwise except for the purposes of securities lending as described above.

Transactions permitted for the purposes of securities lending are not lending for these purposes.

The property of the Funds must not be mortgaged. Nothing in these restrictions prevent the Trustee at the request of the Manager, from lending, depositing, pledging or charging property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Fund in accordance with any other of the rules in COLL 5.

14.2. A Fund may not grant credit facilities nor act as guarantor on behalf of third parties, provided that for the purpose of this restriction (i) the acquisition of transferable securities, approved money-market instruments or other financial investments referred to in paragraph 2.4 and sections 4, 8 and 9 above, in fully or partly paid form and (ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan.

15. Securities lending

15.1. Securities lending transactions or repo contracts may be entered into when it reasonably appears to the Manager to be appropriate to do so with a view to generating additional income for the Funds with an acceptable degree of risk.

The Trustee at the request of the Manager may enter into a securities lending arrangement or repo contract of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Trustee for the account of the Funds, are in a form which is acceptable to the Trustee and are in accordance with good market practice, the counterparty meets the criteria set out in COLL 5.4.4 and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Trustee, adequate and sufficiently immediate.

The Trustee must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Trustee. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Trustee takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

Where a Fund enters into arrangements through which collateral is reinvested, this should be taken into account for the purposes of measuring a Fund's global exposure under section 9.4 of this Appendix 3.

15.2. Collateral is adequate for the purposes of securities lending only if it is:

(i) transferred to the Trustee or its agent;

(ii) at least equal in value, at the time of the transfer to the Trustee, to the value of the securities transferred by the Trustee; and

(iii) in the form of one or more of:

- cash; or
- a certificate of deposit; or
- a letter of credit; or
- a readily realisable security; or
- commercial paper with no embedded derivative content; or a qualifying money-market fund.

Where the collateral is invested in units or shares of a qualifying money-market fund managed or operated by the Manager or an associate of the Manager, the conditions of paragraph 4.4 of this Appendix 3 must be complied with. Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Funds.

Each day, the collateral held in respect of each repo contract or securities lending transaction is marked to market and revalued. Where due to market movements the value of collateral is less than the value of the securities subject to the repo contract or securities lending transaction, the Trustee is entitled to call for additional collateral from the counterparty such that the value of the collateral and margin requirements is maintained.

In the event there is a decline in the value of the collateral which exceeds the value of the margin held by the Trustee, a counterparty credit risk will arise pending delivery of the additional collateral. In the normal course of events, additional collateral is delivered the following Business Day.

There is no limit on the value of the property which may be the subject of repo contracts or securities lending transactions. Collateral transferred to the Trustee is part of a Fund's property for the purpose of the COLL Sourcebook except in the following respects:

(i) it does not fall to be included in any valuation for the purposes of COLL 6.3 or this Appendix 3, because it is offset by an obligation to transfer at a future date (as set out above); and

(iv) it does not comprise the Fund's property for the purpose of any investment and borrowing powers set out in this Appendix 3 except for the purpose of this section 15.

16. General power to accept or underwrite placings

Any power in the COLL Sourcebook to invest in transferable securities may be used for the purpose of entering into any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.

This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.

The exposure of the Fund to agreements and understandings as set out above, on any business day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any of the investment limits set out elsewhere in this section.

17. Guarantees and indemnities

The Trustee for the account of the Fund must not provide any guarantee or indemnity in respect of the obligation of any person.

None of the property of the Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

These requirements do not apply to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the requirements set out in this section.

18. Over-the-Counter ("OTC") transactions in derivatives

The Manager's delegates will continuously assess the credit or counterparty risk as well as the potential risk, which is for trading activities, the risk resulting from adverse movements in the level of volatility of market prices and will assess the hedging effectiveness on an ongoing basis. They will define specific internal limits applicable to these kinds of operations and monitor the counterparties accepted for these transactions.

Any transaction in an OTC derivative must be:

(i) with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register, permits it to enter into the transaction as principal off-exchange, or a CCP that is authorised in that capacity for the purpose of EMIR; or a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or to the extent not already covered above, a CCP supervised in a jurisdiction that: (a) has implemented the relevant G20 reforms on over-the counter derivatives to at least the same extent as the UK; and (b) is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019;

(ii) on approved terms; the terms of the transaction in derivatives are approved only if, the Manager carries out at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely on market quotations by the counterparty, and the Manager can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;

(iii) capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable, or, if the value referred to above is not available, on the basis of a pricing model which the Manager and Trustee have agreed uses an adequate recognised methodology; and

(iv) subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if throughout the life of the derivative verification of valuation is carried out by an independent third party distinct from the counterparty on a regular basis and in such a way that the Manager is able to check or by an independent division of the Manager separate from the division managing the particular Fund's assets.

Collateral required under OTC derivative transactions must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.

OTC derivative positions with the same counterparty may be netted provided that the Manager is able legally to enforce netting agreements in place with the counterparty on behalf of the Fund and these netting agreements do not apply to any other exposures the Fund may have with that counterparty.

19. Commodities and real estate

The Funds' assets may not include precious metals or certificates representing them, commodities, commodities contracts, or certificates representing commodities.

The Funds may not purchase or sell real estate or any option, right or interest therein, provided that the Funds may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

20. Cash collateral

Where cash collateral is obtained in respect of OTC derivative transactions and efficient portfolio management techniques, including repo contracts and securities lending arrangements, it may only be:

(i) placed on deposit with an Approved Bank;

(ii) invested in high quality government bonds;

(iii) used for the purpose of repo contracts provided the transactions are with credit institutions subject to prudential supervision and the Fund can recall at any time the full amount of the cash on an accrued basis; and

(iv) invested in short-term money-market funds as defined in Regulation (EU) No 2017/1131 of the European Parliament and of the Council of 14 June 2007 on money market funds (as such regulation forms part of the domestic law of the UK).

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral such that it should be sufficiently diversified in terms of country, markets and issuers.

21. Repo contracts and securities lending arrangements

The following applies to reverse repurchase agreements and repurchase agreements ("**repo contracts**") and securities lending arrangements, in particular:

21.1 Repo contracts and securities lending may only be effected in accordance with normal market practice.

21.2 A Fund must have the right to terminate any securities lending arrangement which it has entered into at any time or demand the return of any or all of the securities loaned.

21.3 Where a Fund enters into a repurchase agreement, it must be able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

21.4 Where a Fund enters into a reverse repurchase agreement, it must be able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value.

21.5 Fixed-term repo contracts that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

22. Risks and potential conflicts of interest involved in efficient portfolio management techniques

There are certain risks involved in efficient portfolio management activities and the management of collateral in relation to such activities (see further below). Please refer to the section of this prospectus entitled "Conflicts of Interest" and "Risk Considerations" and, in particular but without limitation, the risk factors relating to derivative risks and counterparty risk. These risks may expose investors to an increased risk of loss.

23. Management of collateral for OTC derivative transactions and efficient portfolio management techniques

23.1 Collateral obtained in respect of OTC derivative transactions and efficient portfolio management techniques ("Collateral"), such as a repo contract or securities lending arrangement, must comply with the following criteria:

(i) liquidity: Collateral (other than cash) should be highly liquid and traded on a regulated market or multi-lateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation;

(ii) valuation: Collateral should be capable of being valued on a daily basis and assets that exhibit high price volatility should not be accepted as Collateral unless suitably conservative haircuts are in place;

(iii) issuer credit quality: Collateral should be of high quality;

(iv) correlation: Collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;

(v) diversification: Collateral should be sufficiently diversified in terms of country, markets and issuers; and

(vi) immediately available: Collateral must be capable of being fully enforced at any time without reference to or approval from the counterparty.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral such that it should be sufficiently diversified in terms of country, markets and issuers.

23.2 Subject to the above criteria, Collateral must be in the form of one of the following:

(i) cash; or

(ii) a certificate of deposit; or

(iii) a letter of credit; or

(iv) a readily realisable security; or

(v) commercial paper with no embedded derivative content; or

(vi) a short-term money-market fund (as defined in ESMA's "guidelines on a common definition of European money-market funds") or a qualifying money-market fund.

23.3 Until the expiry of the repo contract or securities lending arrangement, Collateral obtained under such contracts or arrangements:

(i) must be marked to market daily; and

(ii) is intended to equal or exceed the value of the amount invested or securities loaned.

23.4 Collateral must be held by the Trustee, or its agent (where there is title transfer). This is not applicable in the event that there is no title transfer in which case the Collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the Collateral.

23.5 Non-cash Collateral cannot be sold, re-invested or pledged.

24. Additional spread limits

With regard to OTC derivative transactions and efficient portfolio management techniques, including repo contracts and securities lending arrangements, a Fund's exposure to any one counterparty must not exceed 5% in value of the property. This limit is raised to 10% where the counterparty is an Approved Bank.

25. Haircut policy

The Manager has implemented a haircut policy in respect of each class of assets received as Collateral. A haircut is a discount applied to the value of a Collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the Collateral, the price volatility of the Collateral and the results of any stress tests which may be performed in accordance with the collateral management policy. Subject to the framework agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the intention of the Manager that any Collateral received shall have a value, adjusted in light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate.

APPENDIX 4: Valuation and Pricing

A. Determination of Net Asset Value

The value of the scheme property of a Fund shall be determined in accordance with the following provisions.

1. All the scheme capital and income property (including receivables) is to be included, subject to the following provisions.

2. The valuation shall be prepared on an *issue* basis and on a *cancellation basis* in accordance with section 13 of this prospectus.

3. The valuation of the scheme property of the Fund which is not cash or a contingent liability transaction shall be valued using the most recent prices which it is practicable to obtain:

   (i) units or shares in a collective investment scheme

   (a) if separate buying and selling prices are quoted, at the most recent maximum sale price reduced by any expected discount plus any dealing costs (*issue* basis) [5] [3] or the most recent minimum redemption price less any dealing costs (*cancellation basis)*.[4]

   (b) if a single price for buying and selling units or shares is quoted, at that price (plus any dealing costs when valuing on an *issue basis*[3] or less any dealing costs when valuing on a *cancellation basis* [4]; or

   (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable (plus any dealing costs when valuing on an *issue basis*[3] or less any dealing costs when valuing on a *cancellation basis* [4]).

   (ii) any other investment:

   (a) the best available market dealing offer price (*issue* basis) or the most current dealing bid price (*cancellation* basis) on the most appropriate market in a standard size plus dealing costs[5]; or

   (b) the last traded price of the market or

   (c) at the price which would be paid by a buyer (*issue basis)* or received by a seller (*cancellation basis)* for an immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length;

together with the Manager's reasonable estimate in respect dealing costs[5], which may be accounted for separately within the valuation

(iii) property valued other than as described in 3(i) or 3(ii) above if no recent price(s) exist or in the opinion of the Manager the price obtained is unreliable, then by some other reliable means, which may be based on the Manager's reasonable estimate or calculated by some other means deemed by the Manager and Trustee to be appropriate (together with the Manager's reasonable estimate in respect of dealing costs [5] which may be accounted for separately within the valuation.

In accordance with section 13 of this prospectus the Manager may at its discretion implement fair value pricing policies in respect of the Fund;

4. Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.

5. Property which is a derivative constituting a contingent liability transaction shall be treated as follows:

   (i) if a written option (and the premium for writing the option has become part of the scheme property) include an amount equivalent to the value net of premium on closing out the contract (whether as a positive or negative value). On expiry, where the contract remains unexercised and is "out-of-the-money", no value will be attributable to the contract, other by way of the premium received or receivable.

   (ii) if a purchased option (and the premium for purchasing the option has been paid from the scheme property) an amount equivalent to the value net of premium on closing out the contract (estimated on the basis of writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded.) On expiry, where the contract remains unexercised and is "out-of the money", no value will be attributable to the contract, other than by way of the premium paid or payable.

   (iii) if another exchange-traded derivative contract:

   (a) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or

   (b) if separate buying and selling prices are quoted, at the average of the two prices.

[5] "Dealing costs" include any SDRT provision which may be added in the event of a purchase by the scheme of the units or shares in question, and where a single price is quoted, any dilution levy. If the Manager is also the manager or an associate of the manager of the relevant underlying collective investment scheme, in the case of valuing on an issue basis, dealing costs do not include payment of a preliminary charge on purchase of units in the underlying collective investment scheme.

4 "Dealing costs" include any SDRT provision which may be added in the event of a purchase by the scheme of the units or shares in question, and where a single price is quoted, any dilution levy. If the Manager is also the manager or an associate of the manager of the relevant underlying collective investment scheme, in the case of valuing on a cancellation basis, dealing costs do not include payment of a redemption charge on sales of units in the underlying collective investment scheme.

5 "Dealing costs" include any fiscal charges, commission or other charges payable in the event of the scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the scheme are the least that could be reasonably expected to be paid in order to carry out the transaction.

(iv) if an off-exchange future or contract for differences ("OTC derivatives") or forward foreign exchange contract, include at the net value of closing out the contract (estimated on the basis of the amount of profit or loss receivable or payable by the Fund on closing
out the contract in accordance with the valuation methods in COLL 5.2.23R.)

6. In determining the value of the scheme property, all instructions given to the Trustee to issue or cancel units or any outstanding consequential action required in respect of an issue or cancellation of units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

7. Subject to paragraphs 8 and 9 of this Appendix 4, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission shall not materially affect the final net asset amount.

8. Futures which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 7 of this Appendix 4.

9. All agreements are to be included under paragraph 7 of this Appendix 4, which are, or could reasonably be expected to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.

10. Deductions will be made for any liabilities payable out of the scheme property and any tax thereon, as follows:
    (i) liabilities accrued on unrealised capital gains which is payable out of the scheme property
    (ii) liabilities accrued on realised capital gains in respect of previously completed and current accounting periods which is payable out of the scheme property
    (iii) liabilities accrued in respect of income received or receivable
    (iv) liabilities accrued in respect of stamp duty reserve tax or any other fiscal charge not covered under this deduction.
    (v) the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.

11. The following items will be added:
    (i) any amount in respect of accrued claims for tax of whatever nature which may be recoverable; and
    (ii) any other credits or amounts due to be paid into the scheme property;
    (iii) any stamp duty reserve tax provision anticipated to be received; and
    (iv) sums representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.

12. Currencies or values in currencies other than base currency shall be converted at the relevant valuation point at the prevailing rate of exchange on the market on which the Manager would normally deal if it wished to make such a conversion.

B. Determination of Unit Price

Prices at which units may be issued or cancelled will be calculated by valuing a Fund's underlying property attributable to the class of units in question (in accordance with section A above) and then dividing the value of the Fund's underlying property by the number of units in issue. It is this computation which determines the maximum issue price and the minimum cancellation price for the units in that Fund.

The Manager will determine the unit price in accordance with the following calculations:

1. In order to calculate the maximum issue price, the following shall apply:
    (i) take the proportion, attributable to the units in the class in question, of the value of the issue basis of the scheme property by reference to the most recent valuation of the scheme property on an issue basis;
    (ii) compute the number of units of the relevant class in issue immediately prior to the valuation in (i);
    (iii) divide the total at (i) by the number of units in (ii); and
    (iv) express the price in a form that is accurate to at least four significant figures.

    This process determines the full cost of creating a unit and results in the maximum price at which unitholders can buy a unit in the Fund (excluding any preliminary charge due to the Manager) in accordance with section 14 of this prospectus.

2. In order to calculate the minimum cancellation price, the following shall apply:
    (i) take the proportion, attributable to the units in the class in question, of the value of the cancellation basis of the scheme property by reference to the most recent valuation of the scheme property on a cancellation basis;
    (ii) compute the number of units of the relevant class in issue immediately prior to the valuation in (i);
    (iii) divide the total at (i) by the number of units in (ii); and
    (iv) express the price in a form that is accurate to at least four significant figures.

    This process determines the full cost of cancelling a unit and determines the level at which the minimum 'bid price' can be fixed. This is the minimum price at which unitholders can sell back their units in the Fund. The actual 'bid price' at which unitholders can sell their units will either be the same or higher than the cancellation price.

APPENDIX 5: Securities Financing Transaction Regulation Disclosures

BlackRock Institutional Bond Funds

Fund	**TRS and CFDs (in aggregate*)** **Maximum/Expected proportion of the NAV (%)**	**Securities Lending** **Maximum/Expected proportion of the NAV (%)**	**Repo Transactions** **Maximum/Expected proportion of the NAV (%)**
BlackRock Institutional Bond Funds – All Stocks Corporate Bond	10/0	100/0-31	10/0
BlackRock Institutional Bond Funds – All Stocks Gilt*	10/0	100/0-99	10/0
BlackRock Institutional Bond Funds – Index Linked	10/0	100/0-99	10/0
BlackRock Institutional Bond Funds– Over 10 Year Corporate Bonds	10/0	100/0-31	10/0
BlackRock Institutional Bond Funds – Over 15 Year Gilt*	10/0	100/0-99	10/0

BlackRock Institutional Equity Funds

Fund	**TRS and CFDs (in aggregate*)** **Maximum/Expected proportion of the NAV (%)**	**Securities Lending** **Maximum/Expected proportion of the NAV (%)**	**Repo Transactions** **Maximum/Expected proportion of the NAV (%)**
BlackRock Institutional Equity Funds – Continental Europe*	50/0	100/0-87	0/0
BlackRock Institutional Equity Funds – Emerging Markets*	50/0	100/0-99	0/0
BlackRock Institutional Equity Funds – Japan*	50/0	100/0-87	0/0
BlackRock Institutional Equity Funds – Pacific*	50/0	100/0-19	0/0
BlackRock Institutional Equity Funds - UK Smaller Companies*	50/0	100/0-94	0/0
BlackRock Institutional Equity Funds - UK Select Equity*	50/0	100/0-87	0/0

* This Fund is in the process of being terminated and is no longer available for investment.

APPENDIX 6: List of Safekeeping delegates

Country/Market	Sub - Custodian	Location
Argentina	The Branch of Citibank, N.A. in the Republic of, Argentina	Ciudad de Buenos Aires
Australia	Citigroup Pty Limited	Melbourne
Australia	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
Austria	UniCredit Bank Austria AG	Vienna
Bahrain	HSBC Bank Middle East Limited	Kingdom of Bahrain
Bangladesh	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
Belgium	The Bank of New York Mellon SA/NV	Brussels
Bermuda	HSBC Bank Bermuda Limited	Hamilton
Botswana	Stanbic Bank Botswana Limited	Gaborone
Brazil	Citibank N.A., Brazil	Sao Paulo
Brazil	Banco Santander (Brasil) S.A.	Sao Paulo
Bulgaria	Citibank Europe plc, Bulgaria Branch	Sofia
Canada	CIBC Mellon Trust Company (CIBC Mellon)	Toronto
Cayman Islands	The Bank of New York Mellon	New York
Channel Islands	The Bank of New York Mellon	New York
Chile	Banco Santander Chile	Santiago
China	HSBC Bank (China) Company Limited	Shanghai
China	Bank of China Limited	Beijing
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria	Bogota
Costa Rica	Banco Nacional de Costa Rica	San José
Croatia	Privredna banka Zagreb d.d.	Zagreb
Cyprus	Citibank Europe Plc, Greece Branch	Athens
Czech Republic	Citibank Europe plc, organizacni slozka	Prague
Denmark	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
Egypt	HSBC Bank Egypt S.A.E.	Cairo
Estonia	SEB Pank AS	Tallinn
Estonia	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Frankfurt
Euromarket	Clearstream Banking S.A.	Luxembourg
Euromarket	Euroclear Bank SA/NV	Brussels
Finland	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
France	BNP Paribas SA	Paris
France	The Bank of New York Mellon SA/NV	Brussels
Germany	The Bank of New York Mellon SA/NV	Frankfurt
Ghana	Stanbic Bank Ghana Limited	Accra
Greece	Citibank Europe Plc, Greece Branch	Athens
Hong Kong	Citibank N.A. Hong Kong	Hong Kong
Hong Kong	Deutsche Bank AG	Hong Kong
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
Hungary	Citibank Europe plc. Hungarian Branch Office	Budapest
Iceland	Landsbankinn hf.	Reykjavik

India	Standard Chartered Bank, India Branch	Mumbai
India	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
Indonesia	Standard Chartered Bank, Indonesia Branch (SCB)	Jakarta
Ireland	The Bank of New York Mellon	New York
Israel	Bank Hapoalim B.M.	Tel Aviv
Italy	The Bank of New York Mellon SA/NV	Brussels
Japan	Mizuho Bank, Ltd.	Tokyo
Japan	MUFG Bank, Ltd.	Tokyo
Jordan	Bank of Jordan	Amman
Kazakhstan	Citibank Kazakhstan Joint-Stock Company	Almaty
Kenya	Stanbic Bank Kenya Limited	Nairobi
Kuwait	HSBC Bank Middle East Limited, Kuwait	Safat
Latvia	AS SEB banka	Kekavas novads
Latvia	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Frankfurt
Lithuania	AB SEB bankas	Vilnius
Lithuania	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Frankfurt
Luxembourg	Euroclear Bank SA/NV	Brussels
Malawi	Standard Bank PLC	Lilongwe
Malaysia	Standard Chartered Bank Malaysia Berhad (SCB)	Kuala Lumpur
Malta	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Frankfurt
Mauritius	The Hongkong and Shanghai Banking Corporation Limited	Ebene
Mexico	Banco Nacional de México S.A. Integrante del Grupo Financiero	Ciudad de Mexico
Mexico	Banco S3 CACEIS Mexico, S.A., Institución de Banca Multiple	Ciudad de Mexico
Morocco	Citibank Maghreb S.A.	Casablanca
Namibia	Standard Bank Namibia Limited	Kleine Kuppe, Windhoek
Netherlands	The Bank of New York Mellon SA/NV	Brussels
New Zealand	The Hongkong and Shanghai Banking Corporation Limited	Auckland
Nigeria	Stanbic IBTC Bank Plc.	Lagos
Norway	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
Oman	Standard Chartered Bank Oman branch	Ruwi
Pakistan	Deutsche Bank AG	Karachi
Panama	Citibank N.A., Panama Branch	Panama City
Peru	Citibank del Peru S.A.	Lima
Philippines	Standard Chartered Bank, Philippines Branch	Makati City
Poland	Bank Polska Kasa Opieki S.A.	Warszawa
Portugal	Citibank Europe Plc	Dublin
Qatar	Qatar National Bank	Doha
Qatar	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
Romania	Citibank Europe plc Dublin, Romania Branch	Bucharest
Russia	AO Citibank	Moscow
Russia	PJSC ROSBANK	Moscow
Saudi Arabia	HSBC Saudi Arabia	Riyadh
Serbia	UniCredit Bank Serbia JSC	Belgrade
Singapore	DBS Bank Ltd	Singapore
Singapore	Standard Chartered Bank (Singapore) Limited	Singapore
Slovak Republic	Citibank Europe plc, pobocka zahranicnej banky	Bratislava
Slovenia	UniCredit Banka Slovenija d.d.	Ljubljana
South Africa	Standard Chartered Bank, Johannesburg Branch	Sandton

South Africa	The Standard Bank of South Africa Limited	Johannesburg
South Korea	Standard Chartered Bank Korea Limited (SCB)	Seoul
South Korea	The Hongkong and Shanghai Banking Corporation Limited, Seoul	Seoul
Spain	Banco Bilbao Vizcaya Argentaria, S.A.	Bilbao
Spain	CACEIS Bank Spain, S.A.U.	Madrid
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
Sweden	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
Switzerland	UBS Switzerland AG	Zurich
Taiwan	HSBC Bank (Taiwan) Limited	Taipei City
Tanzania	Stanbic Bank Tanzania Limited	Dar es Salaam
Thailand	The Hongkong and Shanghai Banking Corporation Limited	Bangkok
Tunisia	Union Internationale de Banques	Tunis
Turkey	Deutsche Bank A.S.	Istanbul
U.A.E.	HSBC Bank Middle East Limited (HBME)	Dubai
U.K.	The Bank of New York Mellon	New York
U.S.A.	The Bank of New York Mellon	New York
U.S.A. Precious Metals	HSBC Bank, USA, N.A.	New York
Uganda	Stanbic Bank Uganda Limited	Kampala
Ukraine	JSC "Citibank" Full name Joint Stock Company "Citibank"	Kiev
Uruguay	Banco Itaú Uruguay S.A.	Montevideo
Vietnam	HSBC Bank (Vietnam) Ltd	Ho Chi Minh City
WAEMU[6]	Société Générale Côte d'Ivoire	Abidjan
Zambia	Stanbic Bank Zambia Limited	Lusaka
Zimbabwe	Stanbic Bank Zimbabwe Limited	Harare

[6] Note: Benin, Burkina-Faso, Guinea Bissau, Ivory Coast, Mali, Niger, Senegal and Togo are members of the West African Economic and Monetary Union (WAEMU).

APPENDIX 7: List of Funds and Oversight Risk Categorisation

Fund Name	Risk Categorisation
BlackRock Institutional Bond Funds – All Stocks Corporate Bond	C
BlackRock Institutional Bond Funds – All Stocks Gilt*	C
BlackRock Institutional Bond Funds – Index Linked	C
BlackRock Institutional Bond Funds– Over 10 Year Corporate Bonds	C
BlackRock Institutional Bond Funds – Over 15 Year Gilt*	C
BlackRock Institutional Equity Funds – Continental Europe*	C
BlackRock Institutional Equity Funds – Emerging Markets*	A
BlackRock Institutional Equity Funds – Japan*	C
BlackRock Institutional Equity Funds – Pacific*	B
BlackRock Institutional Equity Funds - UK Smaller Companies*	C
BlackRock Institutional Equity Funds - UK Select Equity*	C

** This Fund is in the process of being terminated and is no longer available for investment.*

SCHEDULE 1: Eligible Securities Markets

The following markets shall be eligible securities markets for the Funds subject to the investment objective and policy of each Fund.

Country	Market
Eligible Securities Markets (Europe)	
Austria	Vienna Stock Exchange (Wiener Boerse)
Belgium	Euronext Brussels
Bulgaria	Bulgaria Stock Exchange - Sofia (BSE - Sofia)
Croatia	Zagreb Stock Exchange
Czech Republic	Prague Stock Exchange
Denmark	Copenhagen Stock Exchange (Kobenhavns Fondsbors)
Denmark	OMX Nordic Exchange Copenhagen
Estonia	Tallinn Stock Exchange
Estonia	Estonian CSD
Finland	Helsinki Stock Exchange
Finland	OMX Nordic Exchange OY
France	Euronext, Paris
Germany	Berlin-Bremen Stock Exchange (Borse Berlin-Bremen)
Germany	Hamburg and Hannover Exchanges (Borsen Hamburg und Hannover)
Germany	Munich Exchange (Borsen Munchen)
Germany	Stuttgart Exchange (Boerse Stuttgart)
Germany	Deutsche Borse, Frankfurt
Greece	Athens Stock Exchange
Hungary	Budapest Stock Exchange
Iceland	OMX Nordic Exchange OY
Ireland	Euronext, Dublin
Ireland	Irish Stock Exchange
Israel	Tel Aviv Stock Exchange
Italy	Italian Stock Exchange (Borsa Italiana)
Luxembourg	Luxembourg Stock Exchange (Bourse de Luxembourg)
Netherlands	Euronext, Amsterdam
Norway	Oslo Børs
Poland	Warsaw Stock Exchange
Portugal	Euronext, Lisbon
Spain	Barcelona Stock Exchange (BME Spanish Exchange)
Spain	Bilbao Stock Exchange (BME Spanish Exchange)
Spain	Madrid Stock Exchange (BME Spanish Exchange)
Spain	Valencia Stock Exchange (BME Spanish Exchange)
Sweden	OMX Nordic Exchange Stockholm AB
Switzerland	SIX Swiss Exchange
Turkey	Istanbul Stock Exchange (Borsa Istanbul)
UK	London Stock Exchange
UK	AIM
UK	MarketAxess Europe Limited
UK	SWX Europe Limited
Eligible Securities Markets (Americas)	
Brazil	BM & F BOVESPA S.A.
Canada	Toronto Stock Exchange
Chile	Santiago Stock Exchange & Bolsa Electronica de Chile (SSE)

Colombia	Bolsa de Valores de Colombia (BVC)
Mexico	The Mexican Stock Exchange (Bolsa Mexicana de Valores)
Peru	Lima Stock Exchange (Bolsa de Valores de Lima)
USA	The American Stock Exchange
USA	The New York Stock Exchange (NYSE)
USA	NYSE ARCA
USA	NYSE MKT LLC
USA	The Philadelphia Stock Exchange
USA	NASDAQ OMX PHLX (Philadelphia)
USA	National Stock Exchange
USA	The Boston Stock Exchange
USA	NASDAQ OMX BX (Boston)
USA	The Chicago Stock Exchange
USA	NASDAQ
USA	The over-the-counter market in the United States regulated by the Financial Industry Regulatory Authority (previously known as the National Association of Securities Dealers Inc.) and reportable on TRACE

Eligible Securities Markets (Middle East and Africa)	
Egypt	Egyptian Exchange
Kenya	Nairobi Securities Exchange
Kuwait	Kuwait Stock Exchange (Boursa Kuwait)
Morocco	Casablanca Stock Exchange
Qatar	Qatar Exchange
Saudi Arabia	Saudi Stock Exchange
South Africa	The JSE Securities Exchange
UAE	Abu Dhabi Securities Exchange
UAE	Dubai Financial Market
UAE	NASDAQ Dubai Limited
Eligible Securities Markets (Far East and Australasia)	
Australia	Australian Securities Exchange (ASX Limited)
China	Shanghai Stock Exchange (SSE)
China	Shenzhen Stock Exchange (SZSE)
China	Stock Connect
China	Bond Connect
Hong Kong	Hong Kong Exchanges (HKEx)
India	The Bombay Stock Exchange (BSE)
India	National Stock Exchange of India (NSE)
Indonesia	Indonesia Stock Exchange (Bursa Efek Indonesia)
Japan	The Tokyo Stock Exchange
Japan	The Osaka Securities Exchange
Japan	The Nagoya Stock Exchange
Japan	The Sapporo Stock Exchange
Japan	JASDAQ Securities Exchange
South Korea	Korea Exchange Inc. (KRX)
Malaysia	Bursa Malaysia BHD
New Zealand	New Zealand Stock Market (NZSX / NZX)
Pakistan	Pakistan Stock Exchange
Philippines	Philippine Stock Exchange
Singapore	Singapore Exchange
Sri Lanka	Colombo Stock Exchange
Taiwan	The Taiwan Stock Exchange
Thailand	The Stock Exchange of Thailand
Vietnam	The Vietnam Stock Exchange

SCHEDULE 2: Eligible Derivative Markets

In addition to regulated markets within the UK and European Economic Area on which derivatives are traded, the following markets shall be eligible derivative markets for those Funds which use derivatives:

Australia	Australian Securities Exchange (ASX Limited)
Australia	Sydney Futures Exchange
Austria	Wiener Borse - Austrian Exchange for derivatives
Belgium	Euronext Brussels
Brazil	Bolsa De Mercadorias & Futuros (BMF)
Canada	Montreal Exchange (Bourse de Montreal)
France	Euronext Paris
Germany	EUREX
Greece	Athens Derivative Exchange (ADEX)
Hong Kong	Hong Kong Exchanges (HKEx)
India	The Bombay Stock Exchange (BSE)
India	National Stock Exchange of India (NSE)
Italy	Italian Stock Exchange (Borsa Italiana)
Japan	Osaka Securities Exchange
Japan	Tokyo Financial Exchange Inc. (TFX)
Japan	Tokyo International Financial Futures Exchange (TIFFE)
Japan	Tokyo Stock Exchange
Japan	Japan Securities Dealers Association (JSDA - Japan OTC Market)
South Korea	Korea Exchange Inc. (KRX)
Malaysia	Malaysia Derivatives Exchange (MDEX) - subsidiary of Bursa Malaysia
Mexico	Mexican Derivatives Exchange (MEXDER)
Mexico	MDX - Mercado Mexicano de Deriva
Netherlands	Euronext Amsterdam
Poland	Warsaw Stock Exchange
Singapore	Singapore Exchange (SIMEX / SGX)
South Africa	South African Futures Exchange (SAF / SAFEX)
Spain	MEFF (BME Spanish Exchanges)
Spain	MEFF Renta Fija
Spain	MEFF Renta Variable (BME Spanish Exchanges)
Sweden	OMX Nordic Exchange Stockholm (SSE)
Taiwan	Taiwan Futures Exchange (TAIFEX)
Thailand	Thailand Futures Exchange (TFEX)
Turkey	Turkish Derivatives Exchange (TurkDex)
UK	EDX London
UK	EUREX
UK	Euronext LIFFE
UK	ICE Futures Europe
USA	Chicago Board of Trade
USA	Chicago Board Options Exchange
USA	CME Group Inc (Chicago Mercantile Exchange)
USA	ICE Futures US
USA	NASDAQ OMX
USA	New York Mercantile Exchange (NYMEX)
USA	CBOE Futures Exchange (CBF)
USA	NYSE LIFFE U.S. (NYL)

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