BlackRock®

ABSOLUTE FUNDS
PROSPECTUS
12 October 2026

- **BlackRock Absolute Return Bond Fund**
- **BlackRock European Absolute Alpha Fund**
- **BlackRock UK Absolute Alpha Fund**
- **BlackRock Emerging Markets Absolute Alpha Fund***

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

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BLACKROCK ABSOLUTE RETURN BOND FUND
BLACKROCK EUROPEAN ABSOLUTE ALPHA FUND
BLACKROCK UK ABSOLUTE ALPHA FUND
BLACKROCK EMERGING MARKETS ABSOLUTE ALPHA FUND*

This document is the Prospectus of the authorised unit trust schemes called BlackRock Absolute Return Bond Fund, BlackRock European Absolute Alpha Fund, BlackRock UK Absolute Alpha Fund and BlackRock Emerging Markets Absolute Alpha Fund* (referred to herein as the "Funds") valid as at the date specified on the cover of this document. Full details of the Funds are set out in Appendix I. 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, including historic performance data, are available from the Manager.

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).

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

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 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.

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.
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.

BNYM (International) Limited	The Bank of New York Mellon (International) Limited, the Trustee and custodian of the Funds.
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.
COLL Sourcebook	The Collective Investment Schemes Sourcebook published by the FCA, as amended from time to time. References to rules or guidance in the COLL Sourcebook are prefaced by "COLL".
Dual-Priced Fund	Refers to the BlackRock Emerging Markets Absolute Alpha Fund. This Fund is in the process of being terminated and is no longer available for investment.
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 or Funds	The authorised unit trust schemes managed by the Manager which are set out in Appendix 1 to this Prospectus.
Home State	A home state, as defined in the glossary of definitions in the FCA Handbook.
Investment Adviser(s)	The company or companies appointed by the Investment Manager as set out in section 3 below.
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 relevant Trust Deed and Appendix 4.
OECD	Organisation for Economic Co-operation and Development.
PRC	The People's Republic of China
Principal Distributor	BlackRock Investment Management (UK) Limited.
QFII	Qualified Foreign Institutional Investor
RQFII	Renminbi Qualified Foreign Institutional Investor
SAFE	China's State Administration of Foreign Exchange
Safekeeping Function	The function of safekeeping the assets of the Funds, which includes (a) holding in custody all financial instruments that may be registered in a financial instrument account opened in the Trustee's books and all financial instruments that can be physically delivered to the Trustee; and (b) for other assets, verifying the ownership of such assets and the maintenance of a record accordingly.
SDRT	Stamp duty reserve tax.

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.
Single-Priced Funds	Refers to the Funds designated as single-priced funds in Appendix 1 of this Prospectus.
SONIA	Sterling Overnight Index Average
Stock Connect	means the Shanghai-Hong Kong Stock Connect
Stock Connect Funds	means the Funds that may invest in China A Shares via the Stock Connect, as listed in the section entitled Specific Risk Considerations.
Register	The register of unitholders for each of the Funds.
Registrar	BlackRock Fund Managers Limited.
Trust Deed	The instrument constituting a Fund, referred to collectively as Trust Deeds.
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.

1. The Manager

BlackRock Fund Managers Limited acts as Manager of the Funds and also of other authorised unit trust schemes listed in Appendix 2 "Other Authorised Unit Trust Schemes" for which separate prospectuses, simplified prospectuses and key investor information documents (in the case of UK UCITS schemes) are available.

The Manager (Registered Company No. 1102517) is a limited company incorporated in England 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 paragraphs 3 and 4. In addition, BlackRock Group Limited has appointed BNYM (International) Limited to provide fund accounting services and fund administration to the BlackRock Group, including the Manager for the benefit of the Funds, and the Manager has appointed BNYM (International) Limited and The Bank of New York Mellon to provide currency hedging administration and standing FX services for the benefit of those Funds that are listed in paragraph 22(f)(xii).

The remuneration policy of the Manager (the "Remuneration Policy") 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.com (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.

Registered Office: 12 Throgmorton Avenue, London, EC2N 2DL

Issued and paid-up share capital: £18,100,000 divided into ordinary shares of £1 each.

Directors of BlackRock Fund Managers Limited, as at the date of this Prospectus, are set out 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 directors on the board 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.

2. 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 23 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 Trustee 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.

The Trustee shall make available to its competent authorities, on request, all information which it has obtained while performing its services and which may be required by the competent authorities of the Funds.

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 above:

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 5. 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.

3. The Investment Manager

BlackRock Investment Management (UK) Limited acts as Investment Manager of the Funds.

BlackRock Investment Management (UK) Limited was incorporated with limited liability in England and Wales on 16 May 1986 for an unlimited period.

The registered office of the Investment Manager is at 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 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 Funds. The Investment Manager may delegate any of its functions to associates and shall give the Manager written notice of any such 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 and future policy for each Fund.

Currently the Investment Manager delegates some investment management functions in respect of certain of the Funds to the following entities (the "Investment Advisers"):

In the case of the BlackRock Absolute Return Bond Fund, investment management is delegated to BlackRock (Singapore) Limited, a Singapore limited liability company regulated by the Monetary Authority of Singapore.

In the case of the BlackRock Absolute Return Bond Fund, investment management is delegated to BlackRock Financial Management, Inc., a Delaware corporation regulated by the Securities and Exchange Commission in the United States, BlackRock Institutional Trust Company N.A., a national association regulated by the Office of the Comptroller of the Currency in the United States, BlackRock Asset Management North Asia Limited, regulated by the Securities and Futures Commission in Hong Kong and BlackRock Investment Management (Australia) Limited.

Each of the Investment Advisers 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(s).

The Manager, the Investment Manager, the Principal Distributor and the Investment Advisers are all 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 agreement on giving three months' notice to the Manager.

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

4. The Principal Distributor

BlackRock Investment Management (UK) Limited is the Principal Distributor and was incorporated with limited liability in England on 16th May 1986 for an unlimited period. The Management Company has entered into an agreement with the Principal Distributor for the provision of distribution, promotion and marketing services.

The registered office of the Principal Distributor is at 12 Throgmorton Avenue, London EC2N 2DL, UK. The Principal Distributor is regulated by the Financial Conduct Authority.

The Principal Distributor has authority to distribute the Funds directly, and also to appoint other distributors of the Funds, provided 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.

5. 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.

BlackRock Advisors (UK) Limited is a member of the BlackRock 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.

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.

6. The Registrar

The Manager is the person responsible for maintaining the Register under the terms of the Trust Deed of each of the Funds. 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 between 8.30 a.m. and 5.30 p.m. ("normal business hours"). The Manager has delegated its registrar functions and certain administration services to The Bank of New York Mellon (International).

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.

7. The Auditor

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

8. 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 [1] be purchased during normal business hours on any Business Day either in writing, by telephoning the Client 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. It is currently not possible to purchase units over the telephone using a debit card or to set up direct debit mandates by telephone however this may be made available to investors in the future. To confirm whether this is available at the time of purchase please contact the Client Services Team on Freephone 0800 445522. When units are purchased over the telephone, calls may be recorded by the Manager. When placing an order for the purchase of units, the Manager will request that an application form be completed and returned to the Manager.

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 the 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.

The Manager will not send contract notes for purchases under the BlackRock Savings Plan. Instead, it will send an initial acknowledgement, followed by half-yearly statements. These statements are designed according to the FCA rules.

No certificates are issued for units in the Funds.

Unitholders must meet the investment criteria for any unit class in which they intend to invest (such as minimum initial investment and, for Class X units, having an agreement with the Manager, the Principal Distributor or one of their affiliates in relation to the holding of Class X 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) **Limited issue**

General

A Fund may, in accordance with the COLL Sourcebook, limit the issue of units in the Funds, or the issue of any particular class(es) of units in the Funds, to a prescribed NAV or number of units (the "Limit").

Where a Fund limits the issue of its units or a particular class of units, the Manager may not provide for the further issue of such units once the Limit has been reached unless, at the time of the issue, it is satisfied on reasonable grounds that the proceeds of the subsequent issue can be invested without compromising the Fund's investment objective, or materially prejudicing existing unitholders. For example, the Manager may, in its discretion, allow subscriptions from existing regular savers to continue.

The issue of units is limited in respect of the BlackRock European Absolute Alpha Fund. Currently the issue of units is not limited in any other Fund (although please note that the Class A units in the BlackRock UK Absolute Alpha Fund are no longer available for subscription except to pre-existing regular savers, as detailed in Appendix 1).

Limited Issue as at a Prescribed NAV or Number of Units

[1] 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.

The issue of units in the BlackRock European Absolute Alpha Fund is limited in respect of the NAV. Please refer to Appendix 1 for the applicable Limit in respect of the Fund.

The Limit may be increased or decreased by the Manager where it considers that this is appropriate and is in accordance with the rules in the COLL Sourcebook. An example of circumstances which may result in the Limit being increased and the issue of further units could include market developments which enable the proceeds of the subsequent issue to be invested in suitable assets without compromising the Fund's investment objective. Where a new Limit is declared, this fact will be published on the BlackRock website at www.blackrock.co.uk. Unitholders may also enquire as to the level of the Limit for a Fund (and whether such Limit has been reached) by calling the Client Services Team on 0800 445522, lines are normally open 8:30 am to 5:30 pm and for investor protection calls are normally recorded.

The issue of units in the Fund will cease from the Dealing Day on which the Limit (or any higher or lower Limit set by the Manager) has been reached for the first time. Unitholders should note that due to varying sizes of subscription orders, the Fund will not necessarily receive the amount of subscription monies to reach the Limit exactly. As the NAV approaches the Limit, the Manager may, where it deems appropriate at its absolute discretion, accept subscriptions for units in excess of the Limit or allow for the issue of units to cease when the subscriptions reach an acceptable level below the Limit. Accordingly, the Manager may use the flexibility to decline or reject subscription applications at its absolute discretion.

(c) **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 their 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.

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.

(d) **Redemption of Units**

Subject to the policy on pricing and the relevant Unitholder successfully opening an account, units in the Funds may normally[2] be sold back to the Manager during normal business hours on any Business Day either by application in writing, by telephone or by fax. Written applications 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 applications sent directly to the Manager will be forwarded to the Registrar as soon as reasonably practicable. Applications will be processed at the next valuation point following receipt by the Registrar. When unitholders redeem 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 instructions were processed;

(ii) the 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.

(e) **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 per cent 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.

(f) **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. For the avoidance of doubt, the value of an in specie subscription or in specie redemption will not necessarily

[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.

correspond with the applicable published price of the relevant units.

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 per cent (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 per cent 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 making the in specie redemption and to continuing unitholders.

Irrespective of the value of the units, where a unitholder wishes to redeem and where the Manager has elected to provide an in-specie redemption, 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 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 to the unitholder assets of the relevant Fund in the manner set out above.

(g) **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 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 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.

(h) **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 a Fund (the "Original Units") for units of another class in the same Fund (the "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 Client Services Team on 0800 445522, lines are normally open 8:30 am to 5:30 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 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 may, at its discretion, 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 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) is 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.

Class X 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 X units.

(i) **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 paragraph 20 below.

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 that unitholder 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.

(j) **Unclaimed client money**

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 treated 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 held 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.

(k) **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.

(l) **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:

- in-specie redemptions – paragraph 8 (f); and
- conversion and switching rights – paragraph 8 (h).

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

- 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

- levy a redemption charge of 2 per cent 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.

(m) **Compliance with applicable laws and regulation**

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 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, unitholders acknowledge that the Manager may at any time initiate a search of information held electronically in order to verify identity.

9. Valuation

(a) Dual-Priced Funds

In respect of the Dual-Priced Fund, the Manager calculates prices at which unitholders buy and sell units, in accordance with 'Section C of Appendix 4', as permitted by the COLL Sourcebook. The basis of the calculation is the value of the underlying assets of the Dual-Priced Fund. The Dual-Priced Fund is 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 Section C of 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. The Funds are valued on each Business Day.

(a) Single-Priced Funds

In respect of Single-Priced Funds, the Manager calculates the price at which unitholders buy and sell units in accordance with Section D of Appendix 4, as permitted by the COLL Sourcebook. The basis of the calculation is the value of the underlying assets of the relevant Single-Priced Fund. A single unit price is calculated at each Valuation Point and all subscriptions and redemptions of units at that Valuation Point are dealt at that price. Each Single-Priced Fund operates a single swing pricing methodology where the price of each unit may be adjusted to protect the unitholders' investment from the costs of buying or selling investments that result from other unitholders joining or leaving a Single-Priced Fund (known as a "dilution adjustment" - for further details refer to section 13 (Dilution Adjustment).

(b) General

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 8(g)). 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".

Valuations are normally taken at a valuation point of 12.00 noon[3]. The Manager may declare additional valuation points for a particular 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 Funds as at the valuation point.

The base currency of each Fund is sterling.

10. Pricing of Units and Historic Performance Data

a) Dual-Priced Funds

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

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

which the Manager will receive from the Trustee upon the cancellation of units. The cancellation price last notified to the Trustee is available from us 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 to potential unitholders. 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.

(b) Single-Priced Funds

The price at which units are sold and redeemed is based on the net asset value of the scheme property of the relevant Single-Priced Fund attributable to the relevant unit class of that Fund divided by the number of units of that class in issue (adjusted to reflect any applicable dilution adjustment).

The Single-Priced Funds began to use single pricing and the single swing pricing methodology with effect from 15 June 2026. Historic performance data published prior to that date will be based on the previous dual pricing valuation methodology.

(c) Historic Performance Data

Historic performance data 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 Client Services Team on 0800 445522, lines are open between 8:30 am and 5:30 pm. Telephone calls may be recorded by the Manager.

11. Policy on Pricing

Units are purchased and sold on a forward pricing basis which means that the unit price is calculated by reference to the next valuation point after the purchase or sale has been accepted by the Manager. This means it is not possible to know in advance the net asset value per unit at which units will be bought and sold.

In respect of the Dual-Priced Fund, if a purchase or sale order is for a total amount of £15,000 or more, this constitutes 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 if when redeeming units, less than the cancellation price.

12. Minimum Investment/Holdings

The minimum initial investment and minimum values of a holding of each type of unit in a Fund, as well as the size of the minimum subsequent investment, are set out in Appendix 1 for each Fund.

In the case of Class P units, the minimum initial investment and minimum value of a holding in a Fund is £500. Unitholders may make subsequent investments for Class P units in a Fund in amounts of £100 or more.

In the case of Class D units, the minimum initial investment and minimum value of a holding in a Fund is £100,000. Unitholders may make subsequent investments for Class D Income units and Class D Accumulation units in amounts of £100 or more.

In the case of Class X units (as available), the minimum initial investment and minimum value of a holding of in a Fund is £10,000,000 (which may be waived on a case by case basis at the Manager's discretion). Unitholders may make subsequent investments for Class X units in a Fund in amounts of £100 or more.

For the avoidance of doubt, Class A and Class P units are intended for investment by retail investors and Class D units are intended for investment by investors who are able to meet the minimum investment and holding criteria for that class. Class X units are intended for investment by institutional style investors who are able to meet the minimum investment and holding criteria for that class. It should be noted that pursuant to Section 8(a), the Manager reserves the right to switch a unitholder's 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.

Unitholders may make withdrawals as set out in Appendix 1. When unitholders make a withdrawal, conversion, switch or transfer, the remaining balance of the 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 that 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 also available for certain unit classes in the Funds as set out in Appendix 1. Unitholders must invest at least £50 per Fund per month (except for Class A units where regular savers must invest at least £250 per month). Unitholders may stop monthly payments at any time by cancelling the direct debit instruction with their bank and informing the Manager in writing. Provided a balance of more than £500 remains (except for Class A units where there is no minimum holding requirement), a unitholder's account can be kept open. If the balance is less than these levels, the units will be redeemed at the bid price next calculated after the Manager has received the unitholder's instructions and the Manager will send the proceeds to the unitholder within three Business Days. If, as a result of a withdrawal, conversion, switch or transfer, the balance of a unitholder's account is less than £500, the Manager will also sell the holding for the unitholder, unless the unitholder notifies the Manager of their intention to continue making regular monthly payments.

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

13. Dilution Adjustment

In respect of Single Priced Funds only, the Manager may adjust the Net Asset Value per unit for a Fund in order to reduce the effect of "dilution" on that Fund. Dilution occurs when the actual cost of purchasing or selling the underlying assets of a Fund deviates from the carrying value of these assets in the Fund's valuation, due to factors such as dealing and brokerage charges, taxes and duties, market impact and any spread between the buying and selling prices of the underlying assets.

Dilution may have an adverse effect on the value of a Fund and therefore impact unitholders. By adjusting the Net Asset Value per unit this effect can be reduced or prevented and unitholders can be protected from the impact of dilution. The Manager may adjust the Net Asset Value of a Fund if:

(a) on any Dealing Day the value of the aggregate transactions in Units of all unit classes of that Fund results in a net increase or

decrease which exceeds one or more thresholds that are set by the Manager for that Fund; or

(b) the Manager otherwise considers it appropriate in order to protect the interests of the continuing unitholders.

The amount by which the Net Asset Value of a Fund may be adjusted on any given Dealing Day is related to the anticipated cost of market dealing for that Fund. The adjustment will be an addition when the net movement results in an increase in the value of all units of the Fund and a deduction when it results in a decrease. As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, particularly in relation to duties and taxes, the resulting adjustment may be different for net inflows than for net outflows. In addition, the Manager may also agree to include extraordinary fiscal charges in the amount of the adjustment. These extraordinary fiscal charges vary from market to market and are currently expected not to exceed 2.5% of that Net Asset Value. Where a Fund invests primarily in certain asset types, such as government bonds or money market securities, the Manager may decide that it is not appropriate to make such an adjustment. Unitholders should note that due to adjustments being made to the Net Asset Value per unit, the volatility of a Fund's Net Asset Value per unit may not fully reflect the true performance of the Fund's underlying assets.

The Manager will not benefit from the operation of this mechanism and it will only be imposed in a manner deemed to be fair to all unitholders and solely for the purposes of reducing dilution as determined by the Manager.

14. Commission and Rebates

If Class P units 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 unitholders switch an investment from one Fund to another Fund or from one Fund into another of the BlackRock funds, the Manager normally allows a discount on the price at which unitholders purchase units and/or pay a reduced commission to any intermediary concerned.

No initial or renewal commissions or other rebates are normally paid in respect of Class D Accumulation units or Class X units.

Class X 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 X units. The 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 P 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 P 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 which may be agreed on certain Funds which will not exceed the published amount of annual management charge payable in respect of those Funds. At the Manager's discretion and subject to the nature of the business provided by third party intermediaries to end investors, on average, any rebates of annual management charge agreed by the Manager, will not usually be expected to exceed the published annual management charge.

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 is 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 27(k).

15. 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 issue and cancellation of units. The Manager is not obliged to provide any notice to unitholders of a change in such policy.

16. Publication of Prices and Yields

The previous Dealing Day's bid and offer prices of units (in respect of the Dual-Priced Fund) or price (in respect of Single-Priced Funds) 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 our website,

www.blackrock.co.uk, or can be obtained by calling our Client Services Team on 0800 445522, lines are open between 8:30 am and 5:30 pm. Telephone calls may be recorded by the Manager. Please note that the published prices are for information only and the price or prices (as applicable) may not be the prices obtained when units are dealt. The Manager is not responsible for errors in publication or for non-publication. In respect of the Dual-Priced Fund, the cancellation price of a particular Fund will be available, from the Manager, on request.

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

17. Classes of Units

The unit classes available in each of the Funds are set out in Appendix 1. Each type of unit represents a beneficial interest in undivided shares in the property of the relevant Fund as detailed below. Each unit, Accumulation or Income, represents one undivided share in the property of the relevant 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.

BlackRock Emerging Markets Absolute Alpha Fund is in the process of being terminated and accordingly no units in this Fund are available for subscription.

Please note that the Class A units in the BlackRock UK Absolute Alpha Fund are no longer available for subscription except to pre-existing regular savers, as detailed in Appendix 1.

If you invest via a BlackRock Savings Plan only Class P Accumulation units may be held in the Funds, except for existing regular savers in the BlackRock UK Absolute Alpha Fund who may continue to hold Class A units.

Where Income units are held in the BlackRock Absolute Return Bond Fund or in the BlackRock UK Absolute Alpha Fund unitholders will receive a distribution net of any applicable charges but gross of any applicable tax payable monthly, quarterly, half-yearly or annually according to the distribution policy of the Fund payable either by cheque or directly into the bank account of the relevant unitholder. This distribution is calculated by multiplying the number of Income units held on the last day of the relevant accounting period, by the relevant 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.

Where Accumulation units are held there will not be any 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 held will remain 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 of the Funds also permit further classes of units to be made available other than those set out in Appendix 1. 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 Deed of each of the Funds 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.

18. Evidence of Title

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

Holdings in respect of investments via the BlackRock Savings Plan will be registered in the name of the unitholder. The Manager will send an initial acknowledgement to unitholders, followed by half-yearly statements.

19. 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

The BlackRock Group 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. The BlackRock Group 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. The BlackRock Group'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.

20. Risk Considerations

General

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.

New Issues

The 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.

Derivatives

In accordance with the investment limits and restrictions set out in Appendix 1, each of the Funds may use derivative strategies in pursuit of the stated investment and objective policies and/or for the purposes of efficient portfolio management 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). The Manager may also use derivatives to hedge and manage risk.

The Funds may use derivatives to facilitate complex investment strategies including the creation of synthetic short positions to take advantage of negative investment views, using synthetic long positions to gain market exposure or a combination of long and short strategies to implement investment views in respect of one or more issuers, whilst neutralising market exposure within the transaction.

The use of derivatives may expose a Fund to a higher degree of risk. These risks may include credit risk with regard to counterparties with whom the 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 Fund is seeking to track and greater transaction costs than investing in the underlying assets directly.

In accordance with standard industry practice when investing in 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, the 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, the 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 are geared. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities.

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 due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

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.

Particular Risks of OTC derivative transactions

In general there is less governmental regulation and supervision of transactions in the OTC markets 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.

To mitigate this risk the Manager 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 letters of credit or collateral. However, there can be no guarantee that a counterparty will not default or that a Fund will not sustain losses as a result. In addition to the above, the OTC market may be illiquid and it may not always be possible to execute a transaction quickly at an attractive price. From time to time, the counterparties, with which a Fund effects transactions, might cease or be prevented from making markets or quoting prices in certain of the instruments, for instance due to there being restrictions on trading in the underlying investments. In such instances a Fund might be unable to enter into a desired transaction or enter into an offsetting transaction with respect to an open position which might adversely affect its performance.

Further, in contrast to exchange traded instruments, forward, spot and option contracts on currencies, do not provide the Investment Manager with the possibility to offset the relevant 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**.**

Counterparty Risk

A Fund will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the relevant Fund. This would include the counterparties to any derivative that it enters into. Trading in derivatives which have not been collateralised gives rise to direct counterparty exposure. The relevant Fund mitigates much of its credit risk to its derivative counterparties by receiving collateral with a value at least equal to the exposure to each counterparty but, to the extent that any derivative is not fully collateralised, a default by the counterparty may result in a reduction in the value of the Fund. A formal review of each new counterparty is completed and all approved counterparties are monitored and reviewed on an ongoing basis. The Fund maintains an active oversight of counterparty exposure and the collateral management process.

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.

Liquidity Risk

Investments made by the Funds may be subject to liquidity constraints, which means that underlying shares may trade less frequently and in small volumes, for instance smaller companies. Securities of certain types, such as bonds or structured credit products, may also be subject to periods of lower liquidity in difficult market conditions. As a result, changes in the value of investments may be more unpredictable. In certain cases, it may not be possible to sell an underlying security at the last market price quoted or at a value considered to be fairest.

Taxation

The tax information provided in the "Taxation" section 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 a 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.

The availability and value of any tax reliefs available to unitholders depend on the individual circumstances of unitholders. The information in the "Taxation" section 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 and the Trustee 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.

Unitholders should read the information set out under the heading "FATCA and other cross-border reporting systems", particularly in relation to the consequences of the Funds being unable to comply with the terms of such reporting systems.

The Manager (or its representative) may file claims on behalf of the Funds to recover withholding tax on dividend and interest income (if any) received from issuers in certain countries where such withholding tax reclaim is possible. Whether or when a Fund will receive a withholding tax refund in the future is within the control of the tax authorities in such countries. Where the Manager expects to recover withholding tax for a Fund based on a continuous assessment of probability of recovery, the net asset value of that Fund generally includes accruals for such tax refunds. The Manager continues to evaluate tax developments for potential impact to the probability of recovery for such Funds. If the likelihood of receiving refunds materially decreases, for example due to a change in tax regulation or approach, accruals in the relevant Fund's net asset value for such refunds may need to be written down partially or in full, which will adversely affect that Fund's net asset value. Investors in that Fund at the time an accrual is written down will bear the impact of any resulting reduction in net asset value regardless of whether they were investors during the accrual period. Conversely, if the Fund receives a tax refund that has not been previously accrued, investors in the Fund at the time the claim is successful will benefit from any resulting increase in the Fund's net asset value. Investors who sold their units prior to such time will not benefit from such net asset value increase.

Currency Management

The Funds are permitted to employ hedging techniques that aim to mitigate the effects of currency risk, interest rate risks, market movements and other risks associated with or impacting the Funds.

A Fund may invest in currencies or assets denominated in currencies other than sterling. As a result, changes in the rates of exchange between currencies may cause the value of units in the Fund to go up or down. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. It may not be possible or practicable to successfully hedge against consequent currency risk exposure in all circumstances and so, you may not receive back the amount invested.

Where a Fund is permitted to invest in assets denominated in a currency other than the base currency of the Fund, the Manager will seek to attempt to hedge the value of the underlying assets of the Fund which are denominated in currencies other than the base currency, back into the base currency of the Fund. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The Manager will seek to employ hedging strategies in order to protect the benefit from any currency gains arising out of a decrease in the base currency relative to the currency value of the underlying assets and conversely attempt to mitigate against any currency losses arising out of increases in the value of the base currency relative to the currency value of the underlying assets. There can be no guarantee that the Manager will be successful in hedging currency exposure and it may not always be possible or desirable to fully or accurately hedge all currency exposure back to the base currency of the Fund.

All gains/losses or expenses arising from hedging transactions are borne by the unitholders of the respective Fund.

Smaller Capitalisation Companies

Securities of smaller capitalisation companies may, from time to time, and especially in falling markets, become illiquid and experience short-term price volatility and wide spreads between bid and offer prices. Investment in smaller capitalisation companies may involve higher risk than investment in larger companies.

The securities of smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies or the market average in general. These companies may have limited product lines, markets or financial resources, or they may be dependent on a limited management group. Full development of those companies takes time. In addition, many small company stocks trade less frequently and in smaller volume, and may be subject to more abrupt or erratic price movements

than stocks of large companies. The securities of small companies may also be more sensitive to market changes than the securities of large companies. These factors may result in above-average fluctuations in the price of a Fund's units.

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 securities 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.

Delayed Delivery Transactions

Funds that invest in fixed income transferable securities may purchase "To Be Announced" securities ("TBAs"). This refers to the common trading practice in the mortgage-backed securities market in which a security is to be bought from a mortgage pool (including but not limited to Ginnie Mae, Fannie Mae or Freddie Mac) for a fixed price at a future date. At the time of purchase the exact security is not known, but the main characteristics of it are specified.

Although the price has been established at the time of purchase, the principal value has not been finalised. As a TBA is not settled at the time of purchase, this may lead to leveraged positions within the Fund. Purchasing a TBA involves a risk of loss if the value of the security to be purchased declines prior to the settlement date. Risks may also arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts.

Although the Funds will generally enter into TBA purchase commitments with the intention of acquiring securities, the Funds may also 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. During the time a TBA sale commitment is outstanding, equivalent deliverable securities, or an offsetting TBA purchase commitment (deliverable on or before the sale commitment date), are held as cover for the transaction.

If the TBA sale commitment is closed through the acquisition of an offsetting purchase commitment, the Fund realises a gain or loss on the commitment without regard to any unrealised gain or loss on the underlying security. If the Fund delivers securities under the commitment, the Fund realises a gain or loss from the sale of the securities upon the unit price established at the date the commitment was entered into.

Charges from Capital

While the Funds will normally deduct their charges from the income produced from their investments, the Manager may in the future give notice that it will deduct some or all of the 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. The Manager will give unitholders 60 days' notice of a significant change of this nature.

Global Financial Market Crisis and Governmental Intervention

Since 2007, global financial markets have undergone pervasive and fundamental disruption and suffered significant instability leading to extensive governmental intervention. Regulators in many jurisdictions have implemented or proposed a number of emergency regulatory measures and may continue to do so. Government and regulatory 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 on the markets and/or the effect of such restrictions on the Investment Manager's ability to implement the Funds' investment objectives.

Whether current undertakings by governing bodies of various jurisdictions or any future undertakings will help stabilise the financial markets is unknown. The Investment Manager cannot predict how long the financial markets will continue to be affected by these events and cannot predict the effects of these – or similar events in the future – on the Funds', the European or global economy and the global securities markets.

Securities Lending

The Funds may engage in securities lending. The Funds 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 the 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 Funds will have a credit risk exposure to the counterparties to the securities lending contracts.

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.

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.

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" below) 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 applicable 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 Funds.

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 as 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 the 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, shareholders would bear both their proportionate share of expenses in the Fund (including management fees) and, indirectly, the expenses of such closed end investment companies. A Fund may also seek, at its own cost, to create its own investment entities under the laws of certain countries.

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 Custodian). No certificates representing ownership of Russian companies will be held by the Custodian or any correspondent or in an effective central depositary system. As a result of this system and the lack of state regulation and enforcement, the Funds could lose their registration and ownership of Russian securities through fraud, negligence or even mere oversight.

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 is recognised as being a regulated market.

As a result of Russia's action in Crimea, as at the date of this Prospectus, the United States, EU and other countries have 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. 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, it could potentially become more difficult for investors outside Russia, including the Funds, to continue investing in Russia and/or to liquidate Russian investments and expatriate funds out of Russia. If this 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 Funds which have investment exposure to Russia, including, if necessary, suspending trading in the Funds (please see section 8(g) for further information).

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.

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 EU may affect their investment in a Fund.

Financial Corporate Bond Risk

Corporate bonds issued by a financial institution in the EU 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. Unitholders should be alerted to the fact that EU member state or UK 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 or 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 UK or EU 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.

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 China Clear 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.

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.

Participation in Litigation

Where a Fund participates in litigation, either in its own name or as part of a group or class and whether by election to participate or absence of election not to participate, and such participation gives rise to receipts by reason of, most typically, an award of damages, then such receipts shall be for the benefit of the Fund, as appropriate, as at the time of receipt without adjustment for prior redemptions and without regard to shareholdings at the relevant time or times of the underlying conduct giving rise to the claim. This approach is taken on the basis that participation in litigation is not regarded as an underlying premise for investment and that the costs and inconvenience associated with the reallocation of receipts and/or costs associated with participation in litigation to particular investors who may or may not have redeemed in whole or in part would impose a burden on current investors that is not believed to be in the best interests of investors in the Fund at any particular time. The decision as to whether to participate in any such litigation will be in the discretion of the Manager.

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.

Reference Rate Risk

Certain of the Funds' investments, benchmarks and payment obligations may be based on floating rates, such as the Sterling Overnight Index Average ("SONIA"), European Interbank Offer Rate ("EURIBOR"), and other similar types of reference rates ("Reference Rates"). The elimination of a Reference Rate or any other changes or reforms to the determination or supervision of Reference Rates could have an adverse impact on the market for, or value of, any securities or payments linked to those Reference Rates. In addition, any substitute Reference Rate and any pricing adjustments imposed by a regulator or by counterparties or otherwise may adversely affect the Fund's performance and/or net asset value.

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.

21. 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 adviser.

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 trust 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 per cent 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. This can be relieved as an expense against the income of the Fund.

Where the 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 the Funds shall be widely available to the investors that meet the investment criteria. Units in the Funds shall be marketed and made available sufficiently widely to reach investors, and in an appropriate manner 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 per cent. 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 a Fund.

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 the 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 27 (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.

The Unitholder

Distributions can be paid either as a dividend or as an interest distribution depending on whether the 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 the 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 to 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 per cent.

Please note that the Class A units in in BlackRock UK Absolute Alpha Fund are no longer available for subscription except to pre-existing regular savers, as detailed in Appendix 1.

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 per cent., higher rate taxpayers are liable at the higher rate of 40 per cent. and additional rate taxpayers are liable at the additional rate of 45 per cent.

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.

FATCA and other cross-border reporting systems

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 will be 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 will require 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 paragraph 8(i) above.

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 rules [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) the Fund in its consolidated financial statements ("Consolidated Financial Statements"), there is a risk that the Fund may become subject to Pillar Two tax.

If the 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 the Fund, such liability shall be borne solely by the unitholder giving rise to it and not borne by the Fund or any other Investor. Unitholders are responsible for assessing their own Pillar Two tax position in connection with their investment in each Fund, including whether they may be required to consolidate the Fund on a line-by-line basis in their Consolidated 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.

22. Equalisation

Included in the price or prices of units 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 or purchase price (as applicable) 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 Deed of each Fund permits 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 or purchase price (as applicable) of units purchased during the income allocation period.

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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.

23. Charges

The current charges made for each Fund are shown below and are set out in Appendix 1. On giving unitholders at least 60 days written notice, the Manager may, where relevant, increase the preliminary charge, the annual management charge, or the performance fee on a Fund provided any such increase does not constitute a fundamental change to the Fund. Any fundamental change to charges set out below will require prior unitholder consent. For details of the categorisation of fundamental, significant and notifiable changes, please see paragraph 24 below.

These charges consist of:

(a) **Manager's Charges**

- In respect of the Dual-Priced Fund, the **preliminary charge** will be included in the offer price of units. In respect of Single-Priced Funds, the preliminary charge is payable in addition to the price or is deducted from the price and is taken from gross subscription monies. Details of the preliminary charge applicable to each unit class is available in Appendix 1 "Details of each of the Funds".

- The **annual management charge** is payable to the Manager and charged to the Funds as set out in Appendix 1. The applicable charge is calculated and accrues at each valuation point and is paid not earlier than the last Business Day of each month and not later than five Business Days thereafter and is charged normally against the income of the relevant Fund. Subject to the COLL Sourcebook, and with the agreement of the Trustee, the Manager may alternatively charge some or all of this against the capital of the Funds. Any payments out of the capital of a Fund may result in capital erosion or constrain capital growth within the Fund.

With effect from 6 October 2023, the Manager will apply discounts to the annual management charge for certain Funds and unit 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.

- **Discounts to the Annual Management Charge**

  With effect from 6 October 2023, for certain Funds and unit 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 unit classes in the Funds which have an annual management charge of "nil", no discount is applied to these unit 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 unit 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.

- The **annual service charge** is payable to the Manager and charged to the relevant Fund.

  The Annual Service Charge covers non-portfolio management related costs incurred and/or paid by the Manager or another member of the BlackRock Group in servicing unitholders in a Fund (whether all or part of such servicing is provided by a member of the BlackRock Group or by third parties) including but not limited to costs incurred or paid in the provision of transfer agency services (including but not limited to onboarding new investors, maintaining unitholder registers, processing dealings in units, settlement of transactions to and from investors and provision of investor contact services), fund accounting services (including but not limited to recording of financial transactions, security pricing, income accruals, calculation of distributions, reconciliations, calculation of Fund net asset values and production of financial statements) and the provision by various BlackRock Group companies of third party oversight services and other global administration services.

  The Annual Service Charge is applied at a fixed rate is applied at a fixed rate or calculated as a percentage of the valuation of a Fund in respect of each Class of units as set out in Appendix 1. Where the Annual Service Charge exceeds the aggregate amount of the non - portfolio management costs incurred and/or paid by the Manager or another member of the BlackRock Group in servicing unitholders during any period, the Manager is entitled to retain the excess. However, where the Annual Service charge is less than the aggregate amount of such costs in any period, the Manager or another member of the BlackRock Group will bear the shortfall.

  The Annual Service Charge accrues daily and is paid monthly in arrears on the last Business Day of each month and is normally charged against the income of the Fund, although, subject to the COLL Sourcebook, and with the agreement of the Trustee, the Manager may alternatively charge some or all of this charge against the capital of a Fund. Unitholders should note that where the Annual Service Charge is charged against capital this may result in capital erosion or constrain capital growth within a Fund. In relation to the Dual-Priced Fund, where this charge is calculated as a percentage, this is applied to the average of the issue and cancellation valuation of the Fund in respect of each Class of units.

- Certain unit classes of certain Funds are subject to a **performance fee** (in addition to other fees and expenses set out in the Prospectus) which is payable to the Manager. For such a unit class, on each Business Day, a performance fee calculation is carried out to determine whether the performance (i.e. growth of both income and capital) of the unit class over a specified period (generally, the period since the last Business Day on which a performance fee became payable to the Manager in respect of the whole unit class) exceeds a specified threshold.

  If the calculation shows performance over the period does exceed the threshold, then a percentage (currently 20% for all unit classes in scope) of that excess will be accounted for as a performance fee in respect of the unit class, in replacement of any performance fee (whether higher or lower) previously accounted for in respect of the unit class for the specified period. This will have the following principal consequences:

  - the NAV of the unit class on that Business Day will be adjusted to reflect the amount of the performance fee accounted for on such Business Day (which will impact the price at which investors subscribe for, redeem and/or switch into or out of the unit class on that Business Day);
  - a performance fee will become payable by the Fund (out of the assets of the unit class) to the Manager in respect of any redemptions and/or switches out of the unit class, on the Business Day (based only on the proportion of units redeemed and switched out on the Business Day against the number of units of the unit class as a whole); and
  - if the Business Day is the last Business Day of the relevant Fund's financial year, the amount of the performance fee accounted for will become payable by the Fund to the Manager in respect of the whole unit class.

Which unit classes are in scope?

A performance fee is payable in respect of Class P units, Class D units, Class S units, Class X units and Class X1 units of BlackRock European Absolute Alpha Fund and BlackRock UK Absolute Alpha Fund (each being an "**In Scope Unit Class**").

No performance fees will be charged in respect of any unit classes of BlackRock Absolute Return Bond Fund or in respect of class A units of any Fund.

When is the performance fee calculated?

The performance fee calculation described in this section 22(v) is carried out, in respect of each In Scope Unit Class, on every Business Day.

How are performance fees accounted for?

To the extent that the performance fee calculation, on a given Business Day, for any In Scope Unit Class shows a positive amount (see "*How is the performance fee calculated*" below), then the amount of the performance fee is accounted for (it is "**accrued**") in the NAV of the unit class. This means that the NAV of the unit class, as reported in respect of each Business Day, will reflect any performance fee accrued (even if it has not yet become payable to the Manager).

The performance fee accrued (if any) on a Business Day will replace the performance fee accrued (if any) on the previous Business Day,

unless the performance fee had become payable to the Manager in respect of the unit class as a whole on the previous Business Day (see "*When do performance fees become payable to the Manager?*" below for further detail).

When do performance fees become payable to the Manager?

The first "**Performance Period**" of an In Scope Unit Class is the period from the launch date of the In Scope Unit Class until the last Business Day of the relevant Fund's first financial year, and each subsequent Performance Period runs from (and including) the first Business Day of the next financial year until (and including) the last Business Day of that financial year. The last Business Day of a Performance Period is a "**Performance Period End Date**".

A performance fee will become payable to the Manager by the Fund out of the assets of an In Scope Unit Class (it will "**crystallise**"), even if it is actually paid to the Manager at a later date, when the performance fee calculation for the unit class on a Business Day (as described below) shows a positive amount, and such day is also:

i) a Performance Period End Date (as defined above), in which case the performance fee will crystallise in respect of the unit class as a whole; or

ii) a Business Day (which is not a Performance Period End Date) when one or more unitholders redeem and/or switch any units of an In Scope Unit Class, in which case the performance fee shall crystallise in respect of, and in proportion to, those units of the In Scope Unit Class being redeemed and/or switched, and without deduction for any subscriptions made on the same Business Day,

(each such Business Day being a "**Crystallisation Date**").

On a Crystallisation Date when a performance fee crystallises in respect of a unit class as a whole, the amount crystallised in respect of an In Scope Unit Class is deducted permanently from the NAV of such In Scope Unit Class on that date. The amount crystallised in respect of that Crystallisation Date will not change and, in particular, will not be reduced (and no refund will be offered) on subsequent Business Days or Performance Periods irrespective of the subsequent performance (positive or negative) of the In Scope Unit Class.

To the extent a performance fee crystallises on a Business Day because one or more unitholders redeem and/or switch units of an In Scope Unit Class on that day, then such redeeming and/or switching unitholders will effectively bear the amount of the performance fee so crystallised in respect of their units redeemed and/or switched because the price or prices (as applicable) applied will reflect the performance fee accrual on that Business Day.

How is the performance fee calculated?

Key terms

For the purposes of this calculation, the following key terms are used:

1) *The Current Day NAV and the Current Day NAV per unit*

The "**Current Day NAV**" of an In Scope Unit Class, on any Business Day, is the NAV of that unit class (adjusted to disregard any dilution adjustment that has been applied to the In Scope Unit Class on that Business Day) after all regularly accruing charges and expenses (taking into account, in respect of Class X1 units only, the "AMC Adjustment" (as defined below)), and crystallised performance fees and other one off expenses have been accrued to the In Scope Unit Class in respect of that Business Day, but excluding the performance fee accrual (if any) on the previous Business Day.

The "**Current Day NAV per unit**" is the Current Day NAV of an In Scope Unit Class divided by the number of units of the In Scope Unit Class in issue on that Business Day. The Current Day NAV per unit is used for comparison against the High Water Mark and the Money Weighted NAV per unit (each as described below), which are also measured per unit.

The "**AMC Adjustment**" refers to an adjustment, for the purposes of the performance fee calculation only, of 0.75% to the annual management charge applied to Class X1 units used in the calculation of the Current Day NAV. As at the date of this Prospectus, the annual management charge applied to Class X1 units is nil and therefore, following the AMC Adjustment, the figure used to represent the annual management charge is 0.75%. The AMC Adjustment will be calculated on a mid price basis and is not impacted by discounts to the AMC.

2) The High Water Mark

This threshold is intended to ensure that no performance fee will accrue or crystallise until any negative performance in previous Performance Periods, since the last Crystallisation Date in respect of the unit class as a whole, has been made good.

The opening High Water Mark will be determined on any Business Day, for any In Scope Unit Class, during the Performance Period in which it occurs as follows:

i) if the Business Day is during the first Performance Period of the In Scope Unit Class, the opening High Water Mark will be the initial price per unit (adjusted to disregard any dilution adjustment that has been applied) of the In Scope Unit Class on the day the In Scope Unit Class was launched; or

ii) if the Business Day is during a subsequent Performance Period of the In Scope Unit Class, the opening High Water Mark will be the NAV per unit of the In Scope Unit Class as at the most recent Performance Period End Date (calculated to disregard any dilution adjustment that has been applied and after the deduction of any crystallised performance fees) on which a performance fee was crystallised in respect of the In Scope Unit Class as a whole or, if there has been no such crystallisation, the initial price per unit of the In Scope Unit Class on the day the In Scope Unit Class was launched.

Accordingly, the opening High Water Mark remains unchanged during each Performance Period and is adjusted upwards only on the Performance Period End Date of that Performance Period if a performance fee crystallises on that date in respect of the In Scope Unit Class as a whole.

The opening High Water Mark will then be adjusted to produce the final High Water Mark for a Business Day as follows:

i) (applicable to an income unit class only) it will be decreased to take into account any distributions declared in the respect of the In Scope Unit Class since the most recent Crystallisation Date for the unit class as a whole or, if there has been no such distribution, the day the In Scope Unit Class was launched; and

ii) it will be adjusted to reflect the hurdle rate of the In Scope Unit Class on a daily accumulated basis (see "*The*

Hurdle Rate" below"). In the case of a negative accumulated hurdle rate, the negative hurdle will not reduce the High Water Mark below the opening High Water Mark on the Business Day subject to being decreased to take into account any relevant distributions declared.

3) *The Money Weighted NAV/Money Weighted NAV per unit*

This threshold is intended to ensure that the calculation of performance fees takes into account the effect of investors making new subscriptions, since the last Crystallisation Date for the In Scope Unit Class as a whole, at different prices (i.e. prices that are different from NAV per unit of the unit class on such previous Crystallisation Date). The Money Weighted NAV per unit will be higher than the High Water Mark when the average price of subscriptions and switches into the relevant In Scope Unit Class (since the relevant Crystallisation Date) is higher than the High Water Mark.

The starting point of the Money Weighted NAV will be determined on each Business Day, for any In Scope Unit Class, as follows:

i) if the Business Day is the launch date of the In Scope Unit Class, the Money Weighted NAV will be the initial NAV of the In Scope Unit Class on such Business Day (adjusted to disregard any dilution adjustment that has been applied);

ii) if the Business Day is the first Business Day of a Performance Period, other than the launch date of the In Scope Unit Class, the Money Weighted NAV will be either:
   a) the previous Business Day's NAV (calculated to disregard any dilution adjustment that hs been applied) after the deduction of any crystallised performance fees) if a performance fee was crystallised (in respect of the In Scope Unit Class as a whole) on that Business Day; or
   b) the previous Business Day's Money Weighted NAV if a performance fee was not crystallised (in respect of the In Scope Unit Class as a whole) on that Business Day; or

iii) if the Business Day is any other day, the Money Weighted NAV will be the previous day's Money Weighted NAV.

This starting point is then adjusted as follows to produce the Money Weighted NAV for the Business Day:

i) it will be increased to take into account the value of any subscriptions and switches into the In Scope Unit Class since the last Business Day (the NAV per unit on the previous Business Day, adjusted to disregard any dilution adjustment that has been applied on that Business Day, being used to calculate the value of such subscriptions);

ii) it will be decreased to take into account the value of redemptions and/or switches out of the In Scope Unit Class since the last Business Day (such value being calculated as a pro rata share of the Money Weighted NAV on the previous Business Day);

iii) (applicable to an income In Scope Unit Class only) it will be decreased to take into account any distribution declared in respect of the In Scope Unit Class on the Business Day; and

iv) it will be adjusted to reflect the hurdle rate of the In Scope Unit Class (see "*What is the Hurdle Rate*?" below").

The Money Weighted NAV is then divided by the number of units of the In Scope Unit Class in issue on the Business Day to determine the Money Weighted NAV per unit for the Business Day.

4) The Hurdle Rate

The Hurdle Rate provides a base level of performance that an In Scope Unit Class must exceed before a performance fee will be accrued and/or crystallised in respect of that In Scope Unit Class. As set out above, the Hurdle Rate is applied in the calculation of performance fees for an In Scope Unit Class on each Business Day by adding it to the High Water Mark and the Money Weighted NAV of the unit class on that day.

The Hurdle Rate applicable to the In Scope Unit Classes is the 3-month SONIA compounded in arrears plus 11.9 basis points (0.119%) spread (the "**Hurdle Rate**"). The Hurdle Rate is an annual rate, and is applied on a pro-rated compounding basis to the High Water Mark and Money Weighted NAV (as described above) on each Business Day.

The Hurdle Rate is used solely to determine the performance fees of In Scope Unit Classes and should therefore under no circumstances be considered as indicative of a specific investment style or any commitment to achieve a particular return for any Fund.

To reflect changes in market conditions, the Manager may reset the Hurdle Rate in respect of any In Scope Unit Class at its discretion. Any such change would be notified to unitholders in the next available Report & Accounts.

Where the 3-month SONIA is not available on a Business Day, an appropriate substitute, which the Manager has deemed best represents the performance of the 3-month SONIA, may be used in calculating the performance of the Hurdle Rate, or determination of whether to accrue a performance fee may be delayed until such Business Day as the value of the 3-month SONIA has been published.

Calculation

On each Business Day, the Current Day NAV per unit of each In Scope Unit Class is compared to the higher of the following thresholds (calculated on that Business Day):

i) the High Water Mark; and

ii) the Money Weighted NAV per unit,

(the higher of these two thresholds being the "**Reference NAV per unit**" of the In Scope Unit Class on such day).

Where the Current Day NAV per unit of the In Scope Unit Class on that Business Day exceeds its Reference NAV per unit, the performance fee per unit will be equal to a percentage (currently 20% for all In Scope Unit Classes) of the excess. This amount will be accrued in the NAV per unit of the In Scope Unit Class for the Business Day (as further described in "*How are performance fees accounted for?*" above). Where the Business Day is also a Crystallisation Date, this performance fee per unit will be multiplied by:

i) where the Business Day is a Crystallisation Date for the In Scope Unit Class as a whole, the number of units of the unit class in issue on that Business Day; and

ii) otherwise, the number of units being redeemed or switched out of the In Scope Unit Class on the Business Day,

to determine the total amount of performance fee that crystallises on the Business Day (as further described in "*When do performance fees become payable to the Manager?*" above).

Where the Current Day NAV per unit of an In Scope Unit Class does not exceed its Reference NAV per unit on a Business Day, no performance fee will be accrued for the In Scope Unit Class on that Business Day, nor crystallise even if the Business Day is a Crystallisation Date.

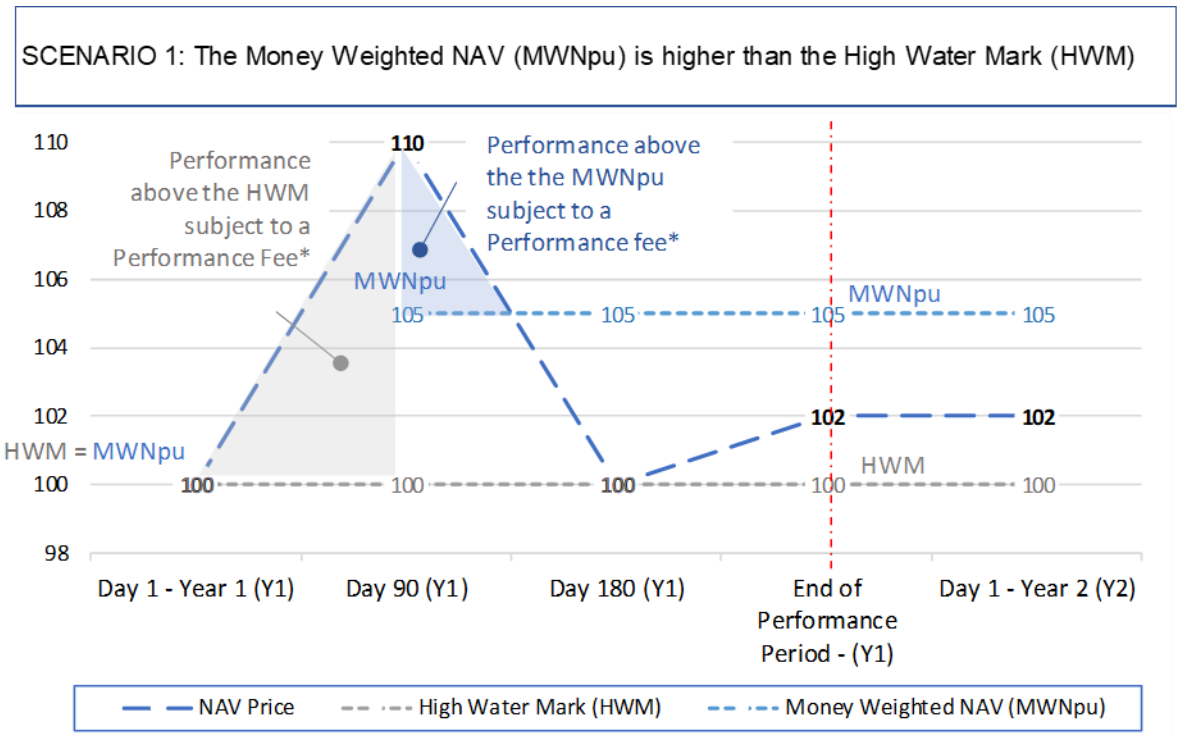
There is no maximum cap on the amount of performance fee that may be accrued or crystallise on any Business Day in respect of an In Scope Unit Class as this is determined by the performance of the In Scope Unit Class.

The Auditor of the relevant Funds will audit the calculations of the performance fees paid out on an annual basis. The Manager shall ensure that the accrual on each Business Day for an In Scope Unit Class represents fairly and accurately the performance fee liability that may eventually be payable by the Fund in respect of the In Scope Unit Class.

Note – the performance fee is calculated on the basis of the performance of the In Scope Unit Class of a relevant Fund, rather than on the basis of an individual unitholder's holding of units. If the performance fee was calculated on the basis of an individual unitholder's holding of units, it may produce a different result.

Interaction between the High Water Mark and the Money Weighted NAV per unit

The below simplified examples illustrate the interaction between the High Water Mark and the Money Weighted NAV per unit.



*Benchmark Return assumed to be zero for simplicity

Day 1
A Unitholder subscribes 1 unit at the Initial NAV per unit of 100p
The HWM and the MWNpu are set at 100p

Day 90
The Current Day NAV per unit increases to 113p
A Performance Fee of 3p per unit is accrued on outperformance above the MWNpu (as the MWNpu is higher than the HWM), 3p per unit (113-100) multiplied by the Performance Fee rate of 20%

The final NAV per unit is 110p (Current Day NAV less performance fee accrual)
A Unitholder subscribes another 1 unit at a NAV per unit of 110p
The HWM remains at 100p
After the valuation point on Day 90, the MWNpu increases to 105p, which represents the average subscription price (one unit subscribed at 100p and one unit subscribed at 110p) -

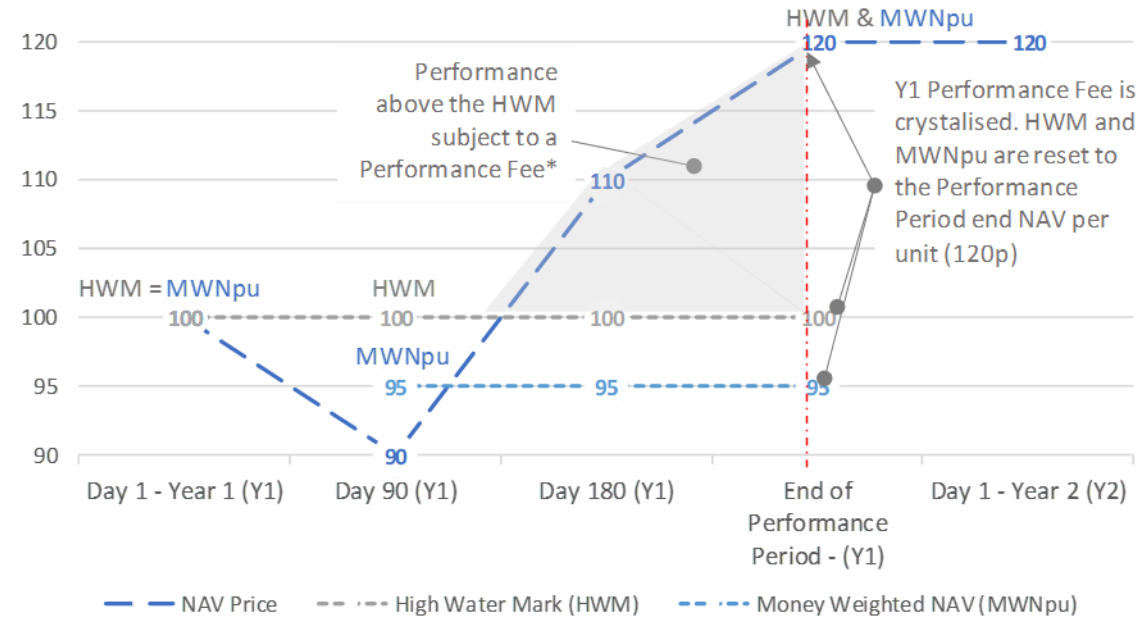
Day 180
The final NAV per unit decreases to 100p
No Performance Fee is accrued since the NAV per unit has decreased below the MWNpu

End of Performance Period - Year 1
The final NAV per unit increases to 102p
No Performance Fee is accrued nor crystallised since the NAV per unit remains below the MWNpu

Any underperformance is carried forward to the next Performance Period

Day 1 - Year 2
HWM and MWNpu remain unchanged, no Performance fees is accrued
No Performance Fee is accrued as NAV per unit does not exceed HWM and MWNpu

SCENARIO 2: The High Water Mark (HWM) is higher than the Money Weighted Price (MWNpu)



*Benchmark Return assumed to be zero for simplicity

Day 1 - Year 1
A Unitholder subscribes 1 unit at the initial NAV per unit of 100p
The HWM and MWNpu are set at 100p

Day 90 - Year 1
The NAV per unit decreases to 90p
A Unitholder subscribes another 1 unit at the NAV per unit of 90p
The HWM remains at 100p
The MWNpu decreases to 95p, which represents the average subscription price (one unit subscribed at 100p, one unit subscribed at 90p) - [(100*1)+(90*1)]/2
No Performance Fee is accrued as NAV per unit does not exceed HWM and MWNpu

Day 180 - Year 1
The Current Day NAV per unit increases to 113p
A Performance Fee of 3p per unit is accrued on outperformance above the HWM (as the HWM is higher than the MWNpu), 13p per unit (113-100) multiplied by the Performance Fee rate of 20%

The final NAV per unit is 110p (Current Day NAV less performance fee accrual)

End of Performance Period - Year 1
The Current Day NAV per unit increases to 125p

The Performance Fee accrual of 5p per unit is calculated and crystallised on outperformance above the HWM - 25p per unit (125-100) multiplied by the Performance Fee rate of 20%
The final NAV price is 120p (Current Day NAV less performance fee accrual)

Day 1 - Year 2
The Performance Fee accrual is reset to zero
Year 2 accrued Performance Fees will be based on the higher of HWM and MWNpu values, set to the last Performance Period end NAV per Unit (120p).

Examples

Examples 1-4

Simplified examples are set out below to illustrate how performance fees are calculated during a Performance Period.

For simplicity, all these examples:

- refer to a single unit price (with no dilution adjustment applied) of Class P units
- apply a 20% performance fee on any outperformance against the Reference NAV per unit
- apply a hurdle adjustment of 0.014% at each Valuation Point (after Valuation Point 1)
- assumes no distributions are declared during the Performance Period
- apply the data set out in the table below
- include figures which have been rounded to two decimal places (which may not reflect the number of decimal places used to perform the performance fee calculations in practice)

The examples would apply equally to any other In Scope Unit Class.

Valuation Point	**1**	**2**	**3**	**4**	**5**
Current Day NAV per unit*	100.00p	102.00p	104.01p	93.70p	103.05p
Units in issue	10,000,000	10,000,000	10,500,000	10,500,000	11,500,000
Money Weighted NAV per unit (Hurdle Adjusted)	100.00p	100.01p	100.10p	100.12p	99.57p
High Water Mark (Hurdle Adjusted)**	100.00p	100.01p	100.03p	100.04p	100.05p
Reference NAV per unit***	100.00p	100.01p	100.10p	100.12p	100.05p
Change in Performance Fee accrual	N/A	0.40p	0.38p	(0.78p)	0.60p*****
Final NAV per unit******	100.00p	101.60p	103.23p	93.70p	102.45p
Total Performance Fee Accrual (per unit)	N/A	0.40p	0.78p	0.00p	0.60p*****

* i.e. the NAV per unit of Class P units at the relevant valuation point prior to any performance fee accrual being accrued.
** Note that the High Water Mark is calculated on a per unit basis.
*** The Reference NAV per unit is the higher of the Money Weighted NAV per unit (Hurdle Adjusted) and High Water Mark (Hurdle Adjusted) provided that the Reference NAV per unit shall not be lower than the High Water Mark.
**** i.e. the NAV per unit of Class P units at the relevant valuation point once any performance fee has been accrued/crystallised.
***** Valuation Point 5 is a Performance Period End Date, so the 0.60p crystallises as an amount per unit payable to the Manager (and is deducted from the Final NAV per unit accordingly).

Example 1

- *Investor holding*: Investor A acquires units at Valuation Point 1 at 100.00p.
- *Change in NAV*: By Valuation Point 2 the Current Day NAV per unit has increased to 102.00p, i.e. the NAV of the unit class (before any performance accrual is added) has increased by 2.00p between Valuation Point 1 and Valuation Point 2.
- *Reference NAV*: The Reference NAV per unit at Valuation Point 2 is 100.01p. Both the Money Weighted NAV per unit (Hurdle Adjusted) and the High Water Mark (Hurdle Adjusted) are the same because there have been no subscriptions or redemptions and/or switches and they are each adjusted by the Hurdle Rate.
- *Calculation methodology*: The Current Day NAV per unit (102.00p) is in excess of the Reference NAV per unit (100.01p) so the performance fee accrual will be calculated based on an increase of 1.99p.
- *Performance fee accrual*: The total performance fee accrual is 0.40p (i.e. 20% of 1.99p), an increase of 0.40p.
- *Effect on Final NAV* per unit: The total performance fee is accrued in the Fund, resulting in a Final NAV per unit of 101.60p (i.e. 102.00p minus 0.40p).

Note: There is no crystallisation of the performance fee at Valuation Point 2 because it is not a Performance Period End Date and there are no redemptions and/or switches.

Example 2

- *Investor holding*: At Valuation Point 3 Investor A still holds the units purchased at Valuation Point 1 and purchased additional units at the Final NAV per unit for Valuation Point 2 (101.60p).
- *Change in NAV*: By Valuation Point 3 the Current Day NAV per unit has increased to 104.01p.
- *Reference NAV*: The Reference NAV per unit at Valuation Point 3 is 100.10p, as the Money Weighted NAV per unit (Hurdle Adjusted) is higher at 100.10p than the High Water Mark (which has been adjusted only by the Hurdle Rate) is at 100.03p. The Money Weighted NAV per unit has increased to reflect the number of additional units, which were bought at the Final NAV per unit for Valuation Point 2 (101.60p).
- *Calculation methodology*: The Current Day NAV per unit (104.01p) is in excess of the Reference NAV per unit (100.10p) so the performance fee accrual will be calculated based on the increase of 3.91p.
- *Performance fee accrual*: The total performance fee accrual is 0.78p (i.e. 20% of 3.91p), an increase of 0.38p from Valuation Point 2.
- *Effect on Final NAV per unit*: The total performance fee is accrued in the Fund, resulting in a Final NAV per unit of 103.23p (i.e. 104.01p minus 0.78p).

Note: There is no crystallisation of the performance fee at Valuation Point 3 because it is not a Performance Period End Date and there are no redemptions and/or switches.

Example 3

- *Investor holding*: At Valuation Point 4 Investor A still holds the units purchased at Valuation Point 1 and the additional units it purchased at the Final NAV per unit for Valuation Point 2 (101.60p).
- *Change in NAV*: By Valuation Point 4 the Current Day NAV per unit has dropped to 93.70p.
- *Reference NAV*: The Reference NAV per unit at Valuation Point 4 is 100.12p, as the Money Weighted NAV per unit (Hurdle Adjusted) is higher at 100.12p than the High Water Mark (Hurdle Adjusted) is at 100.04p. Whilst no additional units have been purchased at Valuation Point 4, the Money Weighted NAV per unit has increased as a result of the adjustment by the Hurdle Rate.
- *Calculation methodology*: The Current Day NAV per unit (93.70p) is below the Reference NAV per unit (100.12p).
- *Performance fee accrual*: The performance fee accrual is reduced to nil, a reduction of 0.78p from Valuation Point 3.
- *Effect on Final NAV per unit:* The Final NAV per unit is 93.70p.

Note: There is no crystallisation of the performance fee at Valuation Point 3 because it is not a Performance Period End Date and there are no redemptions and/or switches. However, even if Valuation Point 3 were a Performance Period End Date, there would be no crystallisation because the Current Day NAV per unit at Valuation Point 3 is less than the Reference NAV per unit.

Example 4

Note: We assume that Valuation Point 5 occurs on a Performance Period End Date as the final Business Day of the Performance Period that commenced with Valuation Point 1 and the additional units it purchased at the Final NAV per unit for Valuation Point 2 (101.60p), and purchased additional units at the Final NAV per unit for Valuation Point 4 (93.70p).

- *Investor holding:* At Valuation Point 5 Investor A still holds the units purchased at Valuation Point 1.
- *Change in NAV:* By Valuation Point 5 the Current Day NAV per unit has increased to 103.05p.
- *Reference NAV:* The Reference NAV per unit at Valuation Point 5 is 100.05p, as the High Water Mark (Hurdle Adjusted) is higher at 100.05p than the Money Weighted NAV per unit (Hurdle Adjusted) at 99.57p. The Money Weighted NAV per unit was reduced to 99.57p as an additional 1 million units were bought at the Final NAV per unit from Valuation Point 4 (93.70p).
- *Calculation methodology:* The Current Day NAV per unit (103.05p) is in excess of the Reference NAV per unit (100.05p) so the performance fee calculation will be based on an increase of 3.00p.
- *Performance fee crystallisation:* Valuation Point 5 is a Performance Period End Date so, because the Current Day NAV per unit is in excess of the Reference NAV per unit, a performance fee will crystallise in respect of the P unit class as a whole. The total performance fee that will crystallise will be equal to 0.60p per unit (i.e. 20% of 3.00p) which, multiplied by the number of units in issue (11,500,000), will produce a total performance fee payable to the Manager of £69,000.
- *Effect on Final NAV per unit*: The total performance fee is deducted from the assets of the Class P unit class as a whole, resulting in a Final NAV per unit of 102.45p (i.e. 103.05p minus 0.60p).
- *Effect on the High Water Mark and the Money Weighted NAV per unit*: On the Business Day following the Business Day on which Valuation Point 5 occurred, the opening High Water Mark and the starting point of the Money Weighted NAV per unit will both re-set to 102.45p.

Examples 5-6

Examples 5 to 6 illustrate the performance fee methodology over several Performance Periods.

In each example an investor makes an initial net investment of £10,000 (after taking into account any preliminary charge) and holds the investment for three years.

For simplicity we have assumed that the performance fee is calculated and crystallised at the Performance Period End Date, the Money Weighted NAV (prior to being adjusted by the Hurdle Rate) remains constant and the AMC is applied at the end of the Performance Period (rather than on a daily basis). We have further assumed that the Hurdle Rate (3-month SONIA compounded in arrears plus 11.9 basis points spread) is at a consistent level of 2.50% per year. All figures are rounded up or down to the nearest whole number.

Example 5

Class P charging structure (1.50%* AMC plus 20% performance fee, subject to a Hurdle Rate of 2.50% per annum).

	Year One 8% growth	**Year Two 0% growth**	**Year Three 8% loss**
Value at year end*	£10,800	£10,560	£9,570
AMC payable at 1.50%	£162	£158	£144
Current Day NAV**	£10,638	£10,402	£9,426
Money Weighted NAV (Hurdle adjusted)	£10,250	£10,824	£11,095
High Water Mark (Hurdle adjusted)	£10,250	£10,824	£11,095
Reference NAV	£10,250	£10,824	£11,095
Performance fee at 20%	£78	£0	£0
Final NAV***	£10,560	£10,402	£9,426
Total Fees paid	£240	£158	£144

* Value before deduction of AMC and any performance fee.
**i.e. the NAV of the Class P units at the relevant valuation point prior to any performance fee accrual being accrued.
*** The Final NAV at the relevant end of year (being the Current Day NAV minus the performance fee)

Note: for the purposes of this table, all amounts (including the Current Day NAV, the Money Weighted NAV, the High Water Mark, the Reference NAV and the Final NAV) are calculated as £ amounts rather than an amount per unit.

The total AMC and performance fee paid over 3 years is £542.

Example 6

Class P charging structure (1.50% AMC plus 20% performance fee, subject to a Hurdle Rate of 2.50% per annum).

	Year One	**Year Two**	**Year Three**

	8% growth	8% growth	8% growth
Value at year end*	£10,800	£11,405	£12,044
AMC payable at 1.50%	£162	£171	£181
Current Day NAV**	£10,638	£11,234	£11,863
Money Weighted NAV (Hurdle adjusted)	£10,250	£10,824	£11,431
High Water Mark (Hurdle adjusted)	£10,250	£10,824	£11,431
Reference NAV	£10,250	£10,824	£11,431
Performance fee at 20%)	£78	£82	£86
Final NAV***	£10,560	£11,152	£11,777
Total Fees paid	£240	£253	£267

* Value before deduction of AMC and any performance fee.
** i.e. the NAV of the Class P units at the relevant valuation point prior to any performance fee accrual being accrued.
*** The Final NAV at the relevant end of year (being the Current Day NAV minus the performance fee).

Note: for the purposes of this table, all amounts (including the Current Day NAV, the Money Weighted NAV, the High Water Mark, the Reference NAV and the Final NAV) are calculated as £ amounts rather than an amount per unit.

The total AMC and performance fee paid over 3 years is £760.

(b) **Trustee's Charges**

The Trustee receives for its own account a periodic fee of 0.008075 per cent per annum plus a further fee split between a fixed fee of £4,250 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. 000425 per cent per annum
- Category B oversight incurs the fixed fee plus 0. 00085 per cent per annum
- Category A oversight incurs the fixed fee plus 0. 001275 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. For the Dual-Priced Fund, 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 Section C of 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. For Single-Priced Funds, the scaled fee is calculated in accordance with Section 9 and Section D of Appendix 4 of this Prospectus.

The Trust Deeds for the Funds also authorise payment out of the property of the Funds of fees for custody services as follows:

Item	**Range**
Transaction Charges	£6 to £100
Custody Charges	0.003% to 0.6%.

These 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.

Where relevant, the Trustee may make a charge for its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in securities lending or derivative transactions, in relation to the relevant Fund and may purchase or sell or deal in the purchase or sale of scheme property, provided always that the services concerned and any such dealing are in accordance with the provisions of the COLL Sourcebook.

The Trustee will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the relevant Trust Deed, the COLL Sourcebook or by the general law.

On a winding up of the relevant Fund the Trustee will be entitled to its *pro rata* fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

Any value added tax on any fees, charges or expenses payable to the Trustee will be added to such fees, charges or expenses.

In each such case such payments, expenses and disbursements may be payable to any person (including the Manager or any associate or nominee of the Trustee or of the Manager) who has had the relevant duty delegated to it pursuant to the COLL Sourcebook by the Trustee.

(c) **Securities Lending Agent's Fee**

The securities lending agent's fee is currently 37.5 per cent of the total income generated from securities lending. The remaining income, at least 62.5 per cent, will be reinvested into the relevant Funds.

(d) **Stamp Duty Reserve Tax**

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 per cent 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.

(e) **Research Fees**

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

(f) **Other Expenses**

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

(i) costs of dealing in the property of a Fund;

(ii) interest on borrowings permitted by a Fund and related charges;

(iii) taxation and duties payable in respect of the property of the Fund, the Trust Deeds, the issue, surrender or transfer of units;

(iv) 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 Deed, where the modification is necessary or expedient by reason of changes in the law, or to remove obsolete provisions.

(v) any costs incurred in respect of meetings of unitholders convened on a requisition by unitholders not including the Manager or an associate of the Manager;

(vi) unanticipated liabilities on unitisation, scheme of arrangement or reconstruction where the property of a body corporate or of another collective investment scheme is transferred to the Trustee in consideration of the issue of units in the Fund to shareholders in that body or to participants in that other scheme;

(vii) the costs of preparation and distribution of any prospectuses, key investor information documents (in the case of the key investor information documents only preparation and not distribution may be charged), the Trust Deed and any costs incurred as a result of changes to any prospectus or Trust Deed, periodic updates of any other administrative documents, as well as the cost of maintaining other documentation required to be maintained in respect of a Fund;

(viii) fees in respect of the publication and circulation of the NAV and prices of the Fund;

(ix) the audit fee of the Auditor and any applicable value added tax and any expenses of the Auditor as well as the fees of and expenses of third party tax, legal and other professional advisers;

(x) the fees of the FCA under Schedule 1 Part III of the Financial Services and Markets Act 2000 and the corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which units of a Fund are or may be marketed;

(xi) fees incurred in respect of entering into securities lending arrangements with securities lending agents; and

(xii) in the case of the BlackRock European Absolute Alpha Fund, a dealing charge will be incorporated within the foreign exchange rate applied to the currency hedging transaction which will be charged to the Fund. In addition, an annual fee will be payable in respect of each currency denomination that is hedged against the base currency of the Fund. This annual fee is not currently expected to exceed approximately £5000 per annum per currency denomination hedged against the base currency and may be charged to the Fund. The Manager will give unitholders 60 days' notice prior to the annual fee being charged to the Fund and thereafter, upon any proposed increase in that charge.

24. Conflicts of Interest

The Manager and other BlackRock Group companies undertake business for other clients. The 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 the BlackRock Group

PA Dealing

The 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. The BlackRock Group has implemented a Personal Trading Policy designed to ensure that employee trading is pre-approved.

Employee Relationships

The BlackRock Group employees may have relationships with the employees of the BlackRock Group'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. The

BlackRock Group has a Conflicts of Interest Policy under which employees must declare all potential conflicts.

(b) Conflicts of interest of the Manager

Provider Aladdin

The 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 the 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. The 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. The 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. The 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. The 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. The 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, the 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. The BlackRock Group 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. The 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. The BlackRock Group may also recommend services provided by the BlackRock Group or its affiliates. Such activities could increase the BlackRock Group's revenue. In managing this conflict, the BlackRock Group 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 the 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.

25. 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
(ii) would reasonably be expected to cause a unitholder to reconsider his participation in the relevant Fund;
(iii) results in any increased payments out of the scheme property the Manager or any of its associate companies; or
(iv) materially increases other types of payment out of Fund property.

The Manager will give unitholders at least 60 days' notice in advance before 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 we will inform unitholders of notifiable events either by:

(i) sending of an immediate notification to unitholders;
(ii) publishing information about the change on the BlackRock Group's website; or
(iii) including it in the next report for the relevant 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, significant change or notifiable change (where relevant). Unitholders who have requested notices to be given electronically will receive notice by e-mail to the e-mail address provided.

(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 relevant 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.

26. Winding Up

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

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

(b) 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

(c) 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 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.

27. 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). 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 next Business Day.

28. 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 are 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 each of the Fund's holdings of securities. For information on the accounting dates for the reports of each of the Funds, please refer to Appendix 1. The annual reports will be published within four months of the accounting year end of the financial period to which they relate and half-yearly reports will be published within two months of the end of the half-year period to which they relate.

(f) Complaints may be made about the operation of any of the Funds or any aspect of the service unitholders receive to the Compliance Officer of the Manager at its registered address. If unitholders are not satisfied with the way the Manager handles their complaint, they may complain to the Financial Ombudsman Service, Exchange Tower, London E14 9SR Tel: 0800 023 4567 or 0300 123 9 123 or 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 on request.

The Manager is a participant in 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 per cent 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 FSCS Limited at 10th Floor, Beaufort House, 15 St. Botolph Street, London EC3A 7QU (or visit the website at www.fscs.org.uk) Tel: 0800 678 1100.

(g) Copies of the Trust Deeds (including supplemental Trust Deeds), the key investor information documents and of 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 each Trust Deed for non-unitholders.

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.

(h) **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.

(i) 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 unitholders' details to any other third party. If unitholders do not wish to give this consent or if they wish to exercise their rights to receive a copy of the information that the Manager holds about them, please write to the Manager.

(j) 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 Funds 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.

29. Risk Management Process

Risk Management

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 uses a methodology known as "Value at Risk" ("VaR") in order to measure the global exposure of the Funds and manage the potential loss to them 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 per cent 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 Manager uses Relative VaR to monitor and manage the global exposure of some of the Funds and Absolute VaR for others. The type of VaR measure used for each Fund is set out below and where this is Relative VaR the appropriate benchmark or reference portfolio used in the calculation is also disclosed.

30. The Securities Financing Transaction Regulation

The Manager and the Funds are subject to the provisions of the SFTR. The Funds may (subject to the relevant investment policy) use total return swaps ("**TRS**") and securities financing transactions ("**SFTs**") including repurchase transactions and securities lending, 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 7.

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.

Acceptable Collateral and valuation:

(a) 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 paragraphs 20-25 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 5, 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.

31. The Benchmark Regulation

If a Fund tracks a benchmark index, or is managed by reference to a benchmark index, or uses a benchmark index to compute a performance fee (in each case a "Benchmark Index"), the Manager works with the benchmark administrator of that Benchmark Index to confirm that such benchmark administrator is, or intends to get itself, included in the register maintained by the FCA under the Benchmark Regulation (the "Benchmark Regulation Register").

The list of benchmark administrators that are included in the Benchmark Regulation Register is available on the FCA's website at https://register.fca.org.uk/BenchmarksRegister/s/.

As at the date of this prospectus, the following benchmark administrator of the Benchmark Indices is included in the Benchmark Regulation Register:

- ICE Benchmark Administration Limited.

The Manager will monitor the Benchmark Regulation Register and, if there are any changes, this information will be updated in the Prospectus at the next opportunity. The Manager has in place and maintains robust written plans setting out the actions that it would take in the event that a benchmark index is materially changed or ceases to be provided.

Pursuant to these written plans, where the Manager is notified by the benchmark administrator of a material change or cessation of a Benchmark Index, the Manager will assess the impact of a material change to the Benchmark Index on the relevant Fund and, where it determines appropriate or in the event of the cessation of a Benchmark Index, consider substituting another index for the Benchmark Index. Prior unitholder approval will be sought in advance where a change of the Benchmark Index constitutes a change to the investment objective and/or a material change to the investment policy of a Fund. Where the Manager is unable to substitute another index for the Benchmark Index, the directors of the Manager may resolve to seek the winding up of the Fund to the extent reasonable and practicable.

APPENDIX 1

Details, investment objectives, investment policies and fund benchmarks of each Fund

This section sets 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.

BlackRock Absolute Return Bond Fund

BlackRock Absolute Return Bond Fund is a UK UCITS scheme under the COLL Sourcebook. The Fund was established on 30 September 2011 and was authorised by the FCA on 26 September 2011. The Fund's FCA product reference number is 565741.

Investment Objective

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

Although the Fund aims to deliver a positive absolute return over any 12 month period, there is no guarantee that this will be achieved over this time period, or any time period. 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 order to seek to achieve its investment objective the Fund will use a variety of investment strategies and instruments to gain exposure to fixed income securities (i.e. bonds) and money market instruments (i.e. debt securities with short term maturities), issued by companies, governments, government agencies and supranationals (e.g. the International Bank for Reconstruction and Development) worldwide.

The Fund will seek to take long investment positions (i.e. buy an equity, bond or currency with the expectation that the asset will rise in value) and use derivatives (i.e. investments the prices of which are based on one or more underlying assets) to take long and short investment positions (i.e. buy or sell a derivative with the expectation that the underlying asset will rise or fall in value). They will also be used with the specific aim of hedging foreign currency exposures back to Sterling.

The Fund will invest at least 70% of its total assets in derivatives, fixed income securities, fixed income related securities (i.e. other investments whose value is related to fixed income securities) and money market instruments, cash or assets that can be turned into cash quickly. Derivatives will be used to further the investment objective of the Fund. Derivatives may also be used seek to reduce risk (relevant to the investment objective) within the Fund, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM"). At any one time, a substantial amount, or even all, of the Fund's assets may be held as cash. This may be held for the purpose of providing cover for the exposure created by the use of derivatives or to assist in achieving the investment objective.

The Fund may also invest in other asset classes to give the Fund the best chance of achieving its investment objective and/or for liquidity purposes. These other asset classes include equities (i.e. shares) and units in collective investment schemes (i.e. other investment funds which may be Associated Funds).

Fund Benchmarks

3 Month SONIA compounded in arrears is used by the Investment Manager to assess the performance of the Fund. This benchmark has been chosen because, while the Fund is an absolute return fund, the Investment Manager also considers it appropriate to assess the Fund's performance against the returns that unitholders would receive from investing in cash. The benchmark should be used by unitholders to compare the performance of the Fund.

Classes of units	**P**	**D**	**X**
Type of units	Accumulation	Accumulation	Income and Accumulation
Current availability	Yes	Yes	Yes
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal	£250	£250	£250
Minimum investment for regular savers	£50 per month	Not available	Not available
Preliminary charge	Up to 5.00%	Nil	Nil
Annual management charge	1.00%	0.50%	Nil
Discount to Annual Management Charge	**Assets Under Management** £0-2.7 billion £2.7-3 billion £3-5 billion £5+ billion	**Discount to the Annual Management Charge^** No discount 5% incremental discount 7% incremental discount 8% incremental discount	Not Applicable
Annual service charge	Up to 0.05%	Up to 0.05%	£12

All or some of the charges may be made from capital			
Performance fee	N/A	N/A	N/A
Hurdle	N/A		
Determination of unit price	Single-Priced Fund		
Dealing day:	Normally daily between 8.30 am and 5.30 pm.		
Dealing cut off time:	12 noon		
Valuation point:	12 noon on any Business Day		
Income allocation dates*:	30 April and 31 October each year		
Annual Accounting date*:	The last day of February each year		
Interim Accounting date*:	31 August each year		
Risk management measure used:	Absolute VaR		

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

BlackRock European Absolute Alpha Fund

BlackRock European Absolute Alpha Fund is a UK UCITS scheme under the COLL Sourcebook. The Fund was established on 27 March 2009 and was authorised by the FCA on 27 March 2009. The Fund's FCA product reference number is 496621.

Investment Objective

The aim of the Fund is to provide a positive absolute return on your investment (i.e. an increase in the overall value of the Fund) (gross of fees) over any 12 month period regardless of market conditions. The Fund's target, which is used in the calculation of performance fees after all other fees, is to have a return greater than 3 Month SONIA compounded in arrears plus 11.9 basis point spread over the relevant 12 month period.

Although the Fund aims to deliver a positive absolute return on your investment over any 12 month period, there is no guarantee that this will be achieved over this time period, or any time period. 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 order to seek to achieve its investment objective the Fund will use a variety of investment strategies and instruments to gain exposure to equities (i.e. shares) issued by companies incorporated or listed in the European Economic Area and Switzerland.

The Fund will seek to take long investment positions (i.e. buy an equity or currency with the expectation that the asset will rise in value) and use derivatives (i.e. investments the prices of which are based on one or more underlying assets) to take long and short investment positions (i.e. buy or sell a derivative with the expectation that the underlying asset will rise or fall in value). They will also be used with the specific aim of hedging foreign currency exposure back to Sterling.

The Fund will invest at least 70% of its total assets in derivatives, equity securities, equity related securities (i.e. other investments whose value is related to equities) and money market instruments (i.e. debt securities with short term maturities), cash or assets that can be turned into cash quickly. Derivatives will be used to further the investment objective of the Fund. Derivatives may also be used seek to reduce risk (relevant to the investment objective) within the Sub-Fund, reduce investment costs and generate additional income for the Sub-Fund (often referred to as "efficient portfolio management" or "EPM"). At any one time, a substantial amount, or even all, of the Fund's assets may be held as cash. This may be held for the purpose of providing cover for the exposure created by the use of derivatives or to assist in achieving the investment objective.

The Fund may also invest in other asset classes to give the Fund the best chance of achieving its investment objective and/or for liquidity purposes. These other asset classes include fixed income securities (i.e. bonds) and units in collective investment schemes (i.e. other investment funds which may be Associated Funds).

Fund Benchmarks

3 Month SONIA compounded in arrears plus 11.9 basis points spread is used by the Investment Manager to assess the performance of the Fund. This benchmark has been chosen because, while the Fund is an absolute return fund, the Investment Manager also considers it appropriate to assess the Fund's performance against the returns that unitholders would receive from investing in cash. The benchmark should be used by unitholders to compare the performance of the Fund.

Classes of units	**P**	**D**	**S**	**X**	**X1**
Type of units	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation
Current availability	Yes	Yes	Yes	At the Manager's discretion	At the Manager's discretion
Limited Issue of Units	When the NAV reaches the Limit no further units will be issued unless in accordance with the COLL Sourcebook (see paragraph 8(b) for further details)**				
Minimum initial investment and holding for lump sum investments	£500	£100,000	£50,000,000	£10,000,000	£10,000,000
Subsequent minimum	£100	£100	£100	£100	£100
Minimum withdrawal	£250	£250	£250	£250	£250
Minimum investment	£50 per month	Not available	Not available	Not available	Not available

for regular savers					
Preliminary charge	Up to 5.00%	Nil	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Up to 0.75%	Nil	Nil
Discount to the Annual Management Charge	**Assets Under Management** £0-1 billion £1-3 billion £3-5 billion £5+ billion	**Discount to the Annual Management Charge^** No discount 5% incremental discount 7% incremental discount 8% incremental discount		Not applicable	Not applicable
Annual service charge	Up to 0.15%	Up to 0.15%	Up to 0.15%	£12	£12
All or some of the charges may be made from capital					
Performance fee	20%	20%	20%	Nil	20%
Determination of unit price	Single-Priced Fund				
Dealing day:	Normally daily between 8.30 am and 5.30 pm.				
Dealing cut off time:	12 noon				
Valuation point:	12 noon on any Business Day				
Income allocation dates*:	30 April and 31 October each year				
Annual Accounting date*:	The last day of February each year				
Interim Accounting date*:	31 August each year				
Risk management measure used:	Absolute VaR				

**The Limit in respect of the Fund (which may be raised or lowered by the Manager as outlined in section 8 (b)) is £900,000,000.

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

BlackRock UK Absolute Alpha Fund

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

Investment Objective

The aim of the Fund is to provide a positive absolute return on your investment (i.e. an increase in the overall value of the Fund) (gross of fees) over any 12 month period regardless of market conditions. The Fund's target, which is used in the calculation of performance fees after all other fees, is to have a return greater than 3 Month SONIA compounded in arrears plus 11.9 basis point spread over the relevant 12 month period.

Although the Fund aims to deliver a positive absolute return on your investment over any 12 month period, there is no guarantee that this will be achieved over this time period, or any time period. 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 order to seek to achieve its investment objective the Fund will use a variety of investment strategies and instruments to gain exposure to equities (i.e. shares) issued by companies incorporated or listed in the UK, where at all times a majority of these equities held by the Fund (i.e. more than 50% of the Fund's gross investment exposure) will be in companies that are incorporated in the UK. The Fund may also use such strategies and instruments to gain exposure on an ancillary basis, up to 20% of its gross investment exposure, to equities issued by companies that are not incorporated or listed in the UK.

The Fund's "gross investment exposure" for the purpose of the above measures the total market exposure of the Fund and is calculated by aggregating together the absolute exposure of each investment position of the Fund, including both long and short positions (as defined below) but excluding cash.

The Fund will seek to take long investment positions (i.e. buy an equity, or currency with the expectation that the asset will rise in value) and use derivatives (i.e. investments the prices of which are based on one or more underlying assets) to take long and short investment positions (i.e. buy or sell a derivative with the expectation that the underlying asset will rise or fall in value). They will also be used with the specific aim of hedging foreign currency exposure back to Sterling.

The Fund will invest at least 70% of its total assets in derivatives, equity securities, equity related securities (i.e. other investments whose value is related to equities) and money market instruments (i.e. debt securities with short term maturities), cash or assets that can be turned into cash quickly. Derivatives will be used to further the investment objective of the Fund. Derivatives may also be used seek to reduce risk (relevant to the investment objective) within the Sub-Fund, reduce investment costs and generate additional income for the Sub-Fund (often referred to as "efficient portfolio management" or "EPM"). At any one time, a substantial amount, or even all, of the Fund's assets may be held as cash. This may be held for the purpose of providing cover for the exposure created by the use of derivatives or to assist in achieving the investment objective.

The Fund may also invest in other asset classes to give the Fund the best chance of achieving its investment objective and/or for liquidity purposes. These other asset classes include fixed income securities (i.e. bonds) and units in collective investment schemes (i.e. other investment funds which may be Associated Funds).

Fund Benchmark

3 Month SONIA compounded in arrears plus 11.9 basis points spread is used by the Investment Manager to assess the performance of the Fund. This benchmark has been chosen because, while the Fund is an absolute return fund, the Investment Manager also considers it appropriate to assess the Fund's performance against the returns that unitholders would receive from investing in cash. The benchmark should be used by unitholders to compare the performance of the Fund.

Classes of units	**A**	**P**	**D**	**S**	**X**
Type of units	Income and Accumulation	Accumulation	Accumulation	Income and Accumulation	Accumulation
Current availability	Closed to new investment except to pre-existing regular savers	Yes	Yes	Yes	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	NA	£500	£100,000	£50,000,000	£10,000,000
Subsequent minimum investment	NA	£100	£100	£100	£100

Minimum withdrawal	£100	£250	£250	£250	£250
Minimum investment for regular savers	£250 per month	£50 per month	Not available	Not available	Not available
Preliminary charge	Up to 5.00%	5.00%	Nil	5.00%	Nil
Annual management charge	1.75%	1.50%	0.75%	Up to 0.67%	Nil
Discount to the Annual Management Charge	**Assets Under Management** £0-1 billion £1-3 billion £3-5 billion £5+ billion	**Discount to the Annual Management Charge^** No discount 5% incremental discount 7% incremental discount 8% incremental discount			Not Applicable
Annual service charge	Up to 0.15%	Up to 0.15%	Up to 0.15%	Up to 0.15%	£12
All or some of the charges may be made from capital					
Performance fee	Nil	20%	20%	20%	Nil
Determination of unit price	Single-Priced Fund				
Dealing day:	Normally daily between 8.30 am and 5.30 pm.				
Dealing cut off time:	12 noon				
Valuation point:	12 noon on any Business Day				
Income allocation dates*:	30 April and 31 October each year				
Annual Accounting date*:	The last day of February each year				
Interim Accounting date*:	31 August each year				
Risk management measure used:	Absolute VaR				

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

BlackRock Emerging Markets Absolute Alpha Fund

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

BlackRock Emerging Markets Absolute Alpha Fund is a UK UCITS scheme under the COLL Sourcebook. The Fund was established on 25 February 2015 and was authorised by the FCA on 31 December 2014. The Fund's FCA product reference number is 654212.

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 Asia Fund	UK UCITS Scheme
BlackRock Asia Special Situations Fund*	UK UCITS Scheme
BlackRock Authorised Contractual Scheme (2)	Non-UCITS Retail Scheme
BlackRock Authorised Contractual Scheme I	UK UCITS Scheme
BlackRock Balanced Growth Portfolio Fund	UK UCITS Scheme
BlackRock Cash Fund	UK UCITS Scheme
BlackRock Charities Funds	Non-UCITS Retail 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 Absolute Alpha 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 Fixed Income Global Opportunities Fund*	UK UCITS Scheme
BlackRock Global Income Fund	UK UCITS Scheme
BlackRock Global Multi Asset Income Fund*	UK UCITS Scheme
BlackRock Global Unconstrained Equity Fund (UK)	UK UCITS Scheme
BlackRock Gold And General Fund	UK UCITS Scheme
BlackRock Growth And Recovery Fund	UK UCITS Scheme

BlackRock Institutional Bond Funds	UK UCITS Scheme
BlackRock Institutional Equity Funds	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 QIS Strategies	Qualified Investor 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 Mid-Cap Value Fund	UK UCITS Scheme

*These funds are in the process of being terminated.

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.

Eligible assets

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

2. Transferable Securities and Approved Money Market Instruments

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

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

(b) 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.

(c) Transferable securities and approved money-market instruments admitted to official listings on or dealt in on other eligible markets.

(d) 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:

- The potential loss that a Fund may incur by holding the security is limited to the amount paid for it;
- Its liquidity does not compromise the Manager's ability to redeem units;
- Reliable and regular valuation is available to the market and the Manager;
- Appropriate information about the transferable security is available to the market and the Manager;
- The transferable security is a negotiable instrument; and
- 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 per cent of its scheme property in transferable securities and approved money-market instruments other than those referred to in paragraphs 2.1 to 2.4.

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;-

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

(b) are 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

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

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

(e) are authorised by the competent authority of an OECD member country (other than another EEA State) which has:

(i) signed the IOSCO Multilateral Memorandum of Understanding; and

(ii) approved the management company of the CIS, its rules and depositary/custody arrangements;

providing the requirements of COLL 5.2.13AR are met;

and provided that:

- No more than 30 per cent 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 (b) to (e) above, although it is the Manager's current policy to apply a more restrictive limit as described in sub-paragraph 4.4 below.

- the level of protection for unitholders in the other CIS is equivalent to that provided for unitholders in a UK 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.

- 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 per cent 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 per cent 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.

5. Deposits, Cash and Near Cash

5.1. Each Fund may invest in deposits only 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:

- the pursuit of the Fund's investment objectives; or
- redemption of units; or
- 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.

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 per cent 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. The Funds may use derivatives in pursuit of its investment objectives and policies and/or, to hedge market and currency risk for the purposes of efficient portfolio management, (as described in 8.2 below "Efficient Portfolio Management").

The use of derivatives may expose the Fund to a higher degree of risk. In particular, derivative contracts can be highly volatile, and the amount of initial margin is generally small, relative to the size of the contract, so that transactions are geared. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Unitholders should note that the use of derivatives in this way may alter the risk profile of a Fund and lead to higher volatility in the unit price of a Fund.

8.2. Where such techniques and instruments relate to the use of derivatives which are used for the purpose of efficient portfolio management, they will only be used in accordance with the following criteria:

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

(b) 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.

(c) 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:

- the types of derivatives and forwards to be used within the Fund together with their underlying risks and any relevant quantitative limits; and
- the methods for estimating risks in derivative and forward transactions
- the risks relating to the Fund other investments are adequately captured.

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 its 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 the Fund is dedicated, i.e. transferable securities and approved money-market instruments, approved money-market instruments permitted under sub-paragraph 2.4, 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 paragraphs 2 to 8.

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.

9.2 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.

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

(a) 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

(b) the property and rights at (a) 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:

- the index is sufficiently diversified
- the index represents an adequate benchmark for the market to which it refers; and
- the index is published in an appropriate manner.

A financial index is sufficiently diversified if:

- 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
- 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:

- it measures the performance of a representative group of underlyings in a relevant and appropriate way;
- 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
- the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

A financial index is published in an appropriate manner if:

- 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
- 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 paragraph 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. The Manager applies a Value at Risk (VaR) approach to calculate each Fund's global exposure as further explained in section 28 and to ensure it complies with the investment objectives and policies set out in Appendix 1.

(a) Where the "commitment approach" to risk management is being used the Manager of the Fund 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.

(b) The Manager of the Fund must calculate its global exposure on at least a daily basis.

(c) 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:

(a) the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 9.7 below, which may not exceed 100% of the net value of the scheme property; or

(b) the market risk of the scheme property.

9.6 (1) The Manager must calculate the global exposure of a UK UCITS scheme by using:

(a) the commitment approach; or

(b) the value at risk approach.

(2) The Manager must ensure that the method selected in (1) is appropriate, taking into account:

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

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

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

(3) Where a Fund employs techniques and instruments including repo contracts or securities lending transactions in accordance with paragraph 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.

(4) For the purposes of (1), value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

9.7 With regard to a Fund's underlying assets, the Manager will ensure that:

(a) 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 paragraph 9.4 above and contains a component that:

- 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;
- its economic characteristics and risks are not closely related to the economic characteristics of the derivative;
- 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 sub-paragraph 10.1 (d) below, the underlying constituents do not have to be taken into account when calculating the spread requirements in sub-paragraphs 10.1 (a) – (d) below.

10. Spread Limits

10.1. A Fund may not invest in any one issuer in excess of the limits set out below in sub-paragraphs (a) – (d) below. These limits do not apply to investment in government and public securities which are considered separately in sub-paragraph (e) below:

(a) Not more than 5 per cent 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 per cent is raised to 10 per cent in respect of up to 40 per cent in value of its scheme property. For these purposes certificates representing certain securities are treated as equivalent to the underlying security.

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

(c) The exposure to any one counterparty in an OTC derivative transaction must not exceed 5 per cent in value of the property. This limit is raised to 10 per cent 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 sub-paragraph 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.

(d) Notwithstanding the individual limits laid down in sub-paragraphs 10 (a) to (c) 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 per cent 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 sub-paragraphs 10.1 (a) to 10.1 (c) above.

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

Without prejudice to the limits laid down in paragraph 13 below, the limits laid down in sub-paragraph 10.1 (a) above is raised to a maximum of 20 per cent 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:

- the composition of the index is sufficiently diversified;
- the index is an adequate benchmark for the market to which it refers;
- it is published in an appropriate manner;

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

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).

11. Government and Public Securities

Where no more than 35 per cent 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.

The BlackRock European Absolute Alpha Fund and the BlackRock UK Absolute Alpha Fund may invest more than 35 per cent of their scheme property in government and public securities issued by the Government of the UK, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales.

The BlackRock Absolute Return Bond Fund may invest more than 35 per cent of its scheme property in government and public securities issued by:

(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; and

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

In such circumstances then up to 30 per cent of the property of a 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.

12. Significant influence

The Manager must not acquire or cause to be acquired for the authorised unit trusts 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 per cent 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:

(a) Acquire transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that

issued them, and represent more than 10 per cent of those securities issued by that body corporate.

(b) Acquire more than 10 per cent of the debt securities issued by any single body.

(c) Acquire more than 10 per cent 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 its Trust Deed. 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 per cent 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 sub-paragraphs 2.4, 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 if the arrangement or contract is for the account of and for the benefit of the Fund and in the interests of unitholders. An arrangement is not in the interests of unitholders unless 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, acting in accordance with the instructions 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 high quality and liquid 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 market value of the securities transferred by the Trustee, plus a premium. 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 sub-paragraph 9.3.

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

(a) transferred to the Trustee or its agent;

(b) received under a title of transfer arrangement; and

(c) at all times at least equal in value to the value of the securities transferred by the Trustee plus a premium.

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 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:

- 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

- 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 paragraph 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 a 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:

- 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;

- 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;

- 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

- 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 there are legally enforceable 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

19.1 The Funds' assets may not include precious metals or certificates representing them, commodities, commodities contracts, or certificates representing commodities.

19.2 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.

Additional provisions

The following additional provisions, 21 – 25 inclusive, reflect the requirements of the ESMA Guidelines ESMA/2012/832EN and are subject to changes thereto as well as any changes made through their incorporation into the COLL Sourcebook.

21. Repo contracts and securities lending arrangements

The following applies to 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 The 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:

23.1.1 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;

23.1.2 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;

23.1.3 issuer credit quality: Collateral should be of high quality;

23.1.4 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;

23.1.5 diversification: Collateral should be sufficiently diversified in terms of country, markets and issuers; and

23.1.6 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:

23.2.1 cash; or

23.2.2 a certificate of deposit; or

23.2.3 a letter of credit; or

23.2.4 a readily realisable security; or

23.2.5 commercial paper with no embedded derivative content; or

23.2.6 a short-term money-market fund (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)) 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:

23.3.1 must be marked to market daily; and

23.3.2 should at all times be equal in value to the market value of the securities transferred plus a premium .

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 per cent in value of the property. This limit is raised to 10 per cent 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 of agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the intention of the Funds 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 Dual-Priced Fund

The value of the scheme property of each 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 paragraph 9 of this Prospectus.

3. The valuation of the scheme property of each 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] or the most recent minimum redemption price less any dealing costs (*cancellation basis)*.[6]

(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*[5] or less any dealing costs when valuing on a *cancellation basis*[6] ; 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*[5] or less any dealing costs when valuing on a *cancellation basis*[6]).

(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[73]; 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[7], which may be accounted for separately within the valuation

(iii) property valued other than as described in 3(i) or 3(ii) above:

(a) 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[7] which may be accounted for separately within the valuation.

In accordance with paragraph 9 of this Prospectus the Manager may at its discretion implement fair value pricing policies in respect of the Funds.

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.

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[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.

[6] 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.

[7] 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.

(iii) if an 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.

(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 Net Asset Value – Single-Priced Funds

The value of the scheme property of a Fund shall be the value of its assets less the value of its liabilities 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 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 average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto;

(b) if a single price for buying and selling units or shares is quoted, at that price; 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.

ii. any other investment:

(a) if a single price for buying and selling the security is quoted, at that price; or

(b) if a separate buying and selling price is quoted, at the average of the two prices; 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.

iii. property valued other than as described in 2(i) or 2(ii) above if no recent price exists 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.

In accordance with section 9 of this Prospectus the Manager may at its discretion implement fair value pricing policies in respect of the Fund;

3. Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.

4. 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.

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.).

5. 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.

6. Subject to paragraphs 7 and 8 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.

7. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 6 of this Appendix 4.

8. All agreements are to be included under paragraph 6 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.

9. 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.

10. 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.

11. 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.

C. DETERMINATION OF UNIT PRICE – THE DUAL-PRICED FUND

Prices at which units may be issued or cancelled will be calculated by valuing the 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 the 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 paragraph 8 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.

D. Determination of Unit Price - Single-Priced Funds

In this Section D, "a Fund" refers to Single-Priced Funds only. For the Dual-Priced Fund, please see Section C of this Appendix 4.

The price at which units are sold and redeemed is based on the net asset value of the scheme property of the relevant Fund attributable to the relevant unit class of that Fund divided by the number of units of that class in issue (adjusted to reflect any applicable dilution adjustment).

Indicative Swing Factor:

The table below sets out the estimated Swing Factor. Please note, the percentages below are intended as a guide and do not constitute a projection. The indicative factors were calculated based on historical information and market conditions and the relevant Fund's portfolio at that point in time which may not be the same as those prevailing when you invest or disinvest.

Swing thresholds and factors are regularly reviewed and revised due to the market conditions. They are highly sensitive to short-term market volatility, therefore we highlight ongoing developments in the financial markets may cause changes to the swing pricing at any point. As a result, the swing factor being applied may differ from the below.

The Manager reserves the right to impose a higher Dilution Adjustment on any day where, due to the size of the net inflow or net outflow, higher trading costs will be incurred.

Fund	**Indicative Swing Factor Offer (%)**	**Indicative Swing Factor Bid (%)**
BlackRock Absolute Return Bond Fund.	0.13 to 0.17	0.13 to 0.17
BlackRock Absolute Return European Alpha Fund.	0.12 to 0.37	0.07 to 0.32
BlackRock UK Absolute Alpha Fund	0.11 to 0.30	0.10 to 0.29

APPENDIX 5- 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	Alma ty
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 Banamex	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 Branch	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*	Société Générale Côte d'Ivoire	Abidjan
Zambia	Stanbic Bank Zambia Limited	Lusaka
Zimbabwe	Stanbic Bank Zimbabwe Limited	Harare
	*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 6- List of Funds and Oversight Risk Categorisation

Fund Name	Risk Categorisation
BlackRock Absolute Return Bond Fund	C
BlackRock UK Absolute Alpha Fund	C
BlackRock Euro Absolute Alpha Fund	C
BlackRock Emerging Markets Absolute Alpha Fund	In the process of being terminated

APPENDIX 7- Securities Financing Transactions Regulation Disclosures

Fund	**TRS** **Maximum/Expected proportion of the NAV (%)**	**Securities Lending** **Maximum/Expected proportion of the NAV (%)**	**Repo Transactions** **Maximum/Expected proportion of the NAV (%)**
BlackRock Absolute Return Bond Fund	100/25	100/1-25	10/0
BlackRock European Absolute Alpha Fund	150/70	100/1-25	0/0
BlackRock UK Absolute Alpha Fund	200/150	100/0-87	0/0
BlackRock Emerging Markets Absolute Alpha Fund*	200/90	100/0-99	0/0

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

Schedule 1
Eligible Securities Markets

Unless indicated otherwise in this Schedule 1, the following markets shall be eligible securities markets.

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 Derivatives Markets

In addition to regulated markets within the UK and EEA on which derivatives are traded, the following markets shall be eligible derivative markets for the Funds:

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)