

BLACKROCK CHARITIES FUNDS

PROSPECTUS

12 October 2026

- **BlackRock Charities UK Bond Fund**
- **BlackRock Charities UK Equity Fund**
- **BlackRock Charities UK Equity ESG Fund***
- **BlackRock Charities UK Equity Index Fund**
- **BlackRock Charities Growth & Income Fund**
- **BlackRock Armed Forces Charities Growth & Income Fund**
- **BlackRock Catholic Charities Growth & Income Fund**

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

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IMPORTANT INFORMATION

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

1. **BlackRock Charities Funds**

This document is the Prospectus of BlackRock Charities Funds (the "**Trust**"). The Trust is organised as an umbrella comprising separate sub-funds with segregated liability detailed in Annexes A to G from time to time (each referred to herein as a "**Sub-Fund**" and collectively the "**Sub-Funds**"), valid as at the date specified on the cover of this document.

The Trust is an authorised unit trust scheme established as an umbrella and authorised and regulated by the FCA as a CAIF and as a Non-UCITS Retail Scheme for the purposes of the FCA Rules. The Trust was established on 1 April 2019 and was authorised by the FCA on 1 April 2019. The Trust's FCA product reference number is 839484. The Trust is a UK charity registered with the Commission with registration number 1182766.

Each Sub-Fund shall have a segregated portfolio of assets and, accordingly, the assets of a Sub-Fund belong exclusively to that Sub-Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Trust and any other Sub-Fund and shall not be available for any other purpose. The Sub-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. Please refer to the key information document ("**KID**") for the relevant Unit class for details of performance scenarios, costs and recommended holding periods for the Unit class in accordance with PRIIPs Regulations.

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

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

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

Following the Transition End Date, the Trust continues to be a Non-UCITS Retail Scheme authorised as a CAIF in the UK.

2. **Distribution**

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

Authorised intermediaries which offer, recommend or sell Units in the Sub-Funds must comply with all laws, regulations and regulatory requirements applicable to them. Also, such intermediaries should consider such information about the Sub-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 Sub-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.

Marketing to investors based outside of the UK is permitted only in accordance with the local laws applicable in the relevant jurisdiction where such marketing is taking place.

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

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

Notwithstanding the above, all Unitholders must meet the eligibility criteria set out in this Prospectus and the Deed.

1. **DEFINITIONS**

"Accumulation Unit"	means an accumulation Unit in a Sub-Fund as defined in the Deed;
"Advisory Committee(s)"	means the persons appointed in respect of a Sub-Fund pursuant to the Deed and each member of an Advisory Committee shall be independent of the Manager and the Trustee;
"Act"	the Financial Services and Markets Act 2000, as may be amended, modified or supplemented from time to time;
"AIF"	means an alternative investment fund (as defined under the AIFMD) which is authorised and regulated by the FCA;
"AIFM"	means an alternative investment fund manager (as defined under the AIFMD);
"AIFMD"	the provisions of: (i) the UK version of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 which are part of UK law by virtue of the EUWA; (ii) the UK version of Commission Delegated Regulation (EU) No. 231/2013 which is part of UK law by virtue of the EUWA; (iii) the rules contained in the FCA Rules; (iv) The Alternative Investment Fund Managers Regulations 2013 and; (v) any other applicable UK national implementing measures, , each as may be amended or updated from time to time;
"Allocation Date"	means the date specified in the relevant Annex in respect of each Sub-Fund;
"Approved Bank"	in relation to a bank account opened for a Sub-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 Rules); or (iv) a building society (as defined in the glossary of definitions in the FCA Rules); 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(s)"	A UK UCITS and/or other collective investment scheme that is managed by the Manager or by an associate (as defined by the FCA);
"Approved Money-Market Instrument"	means as defined in the FCA Rules;
"Auditor"	Ernst & Young LLP;
"Affected Units"	means as defined in section 14.9 of this Prospectus;
"Annual Charge"	means as defined in section 29.1 of this Prospectus;
"BlackRock Group"	the BlackRock group of companies, the ultimate holding company of which is BlackRock, Inc;

"Benchmark Index"	means the FTSE All-Share Index;
"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;
"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 Sub-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 Sub-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;
"CAIF"	a charity authorised investment fund;
"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.
"CCRG"	the Counterparty and Concentration Risk Group;
"Charity" or "Charities"	(a) a charity within the meaning of Section 1 of the Charities Act 2011; or (b) an "appropriate body" within the meaning of Section 97(3) of the Charities Act 2011; or (c) an organisation which is a charity as defined in paragraph 1(1) Schedule 6, Finance Act 2010;
"Charitable Purposes"	as defined by the Charities Act 2011;
"CFD"	contracts for difference;
"Commission"	the Charity Commission for England and Wales;
"COLL Sourcebook"	the collective investment scheme sourcebook which forms part of the FCA Rules, as amended from time to time. References to rules or guidance in the COLL Sourcebook are prefaced by "COLL";
"Deed"	the instrument constituting the Trust and providing, among other things, for the Trustee's duties as depositary, as such instrument may be amended from time to time;
"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 Rules;
"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 Rules;
"Eligible Investor"	means an eligible investor as defined in the Deed;

"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;
"ESG"	refers to "environmental, social and governance" criteria, which are three central factors used in measuring the sustainability and ethical impact of an investment in securities of an issuer. By way of example, "environmental" may cover themes such as climate risks and natural resources scarcity, "social" may include labour issues and product liability risks such as data security and "governance" may encompass items such as business ethics and executive pay. These are only examples and do not necessarily determine the policy of any specific Sub-Fund. Investors should refer to the investment policy of a Sub-Fund, including any website referred to in such investment policy, for more detailed information;
"ESG criteria"	means a Sub-Fund's investment process with respect to ESG or ethical investment policy as stated in each Sub-Fund's Investment Objective and Policy section from time to time;
"ESMA"	the European Securities and Markets Authority;
"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;
"FATCA"	the Foreign Account Tax Compliance provisions of the US Hiring Incentives to Restore Employment Act of March 2010;
"FCA"	the Financial Conduct Authority of the UK and/or any successor body carrying out all or any part of the functions thereof applicable to the relevant entity described herein or the business of such entity, as the context may require;
"FCA Rules"	the handbook of rules and guidance issued by the FCA under the Act, as may be amended, reissued or replaced from time to time;
"FFI"	as defined in section 28.2 of this Prospectus;
"Form"	the application form(s) for use by investors wishing to subscribe for Units;
"FOS"	the Financial Ombudsman Service;
"FSCS"	the Financial Services Compensation Scheme;
"GDPR"	Regulation (EU) 2016/679 (General Data Protection Regulation) of the European Parliament and of the Council of 27 April 2016 as may be amended or replaced and as such regulation forms part of the domestic law of the UK;
"Governmental Entities"	governments or their agencies and instrumentalities;
"Home State"	A home state, as defined in the glossary of definitions in the FCA Rules;
"Income Reserve Account"	a separate account maintained by the Trustee and forming part of the income property of a Sub-Fund into which income may be transferred in accordance with the FCA Rules and the Deed that would otherwise fall to be allocated or distributed as income;

"Income Unit"	means an income Unit in a Sub-Fund as defined in the Deed;
"Incremental Exposure"	as defined in section 26.2 of this Prospectus;
"Investment Manager"	BlackRock Investment Management (UK) Limited;
"KID"	the key information document issued in respect of each Unit class pursuant to the PRIIPs Regulations, as may be amended from time to time;
"Manager"	BlackRock Fund Managers Limited the alternative investment fund manager, or 'AIFM' of each Sub-Fund under the AIFMD;
"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;
"net asset value"	means the value of the Trust property (or, where the context requires, such part of the Trust property as is attributable to a particular Sub-Fund or a particular class of Units of a Sub-Fund) less all the liabilities of the Trust (or, where the context requires, such liabilities as are attributable to a particular Sub-Fund or a particular class of Units of a Sub-Fund) determined in accordance with the Deed;
"Nominee Arrangement"	means a binding legal agreement under which a person (the nominee) holds property for an Eligible Investor, in such a manner that the nominee does not have and cannot acquire any beneficial interest in that property and the nominee holds that property to the order of the Eligible Investor;
"Non-UCITS Retail Scheme"	a scheme complying with the requirements of the COLL Sourcebook for a non-UCITS retail scheme;
"Normal Business Hours"	the hours between 8.30 a.m. and 5.30 p.m. on any Business Day;
"MSCI"	MSCI, Inc., a screening service provider used by the Manager and the Investment Manager to screen for companies whose activities are not compatible with a Sub-Fund's investment policy in relation to its direct investments;
"New Units"	means as defined in section 14.6 of this Prospectus;
"OECD"	Organisation for Economic Co-operation and Development;
"Original Units"	means as defined in section 14.6 of this Prospectus;
"OTC"	over-the-counter;
"PNC"	the group of companies of which the PNC Financial Services Group, Inc. is the ultimate holding company;
"PRIIPs Regulations"	Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products, as may be amended, modified or supplemented from time to time and as such regulation forms part of the domestic law of the UK;
"Principal Distributor"	BlackRock Investment Management (UK) Limited;
"Register"	the register of Unitholders for each of the Sub-Funds.

"Registrar"	BlackRock Fund Managers Limited or such other entity to whom it has delegated the registrar functions in respect of a Sub-Fund;
"Regulated Market"	means as defined in the FCA Rules;
"relevant circumstances"	means as defined in section 14.9 of this Prospectus;
"Reporting Financial Institutions"	financial institutions that are required to provide certain information about their account holders to the relevant tax authority as summarised in section 28 of this Prospectus;
"Safekeeping Function"	the function of safekeeping the assets of the Sub-Funds, which includes (i) holding in custody all financial instruments that can 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 (ii) for other assets, verifying the ownership of such assets and maintaining records accordingly;
"scheme property"	the assets, investments and property of the Trust and/or any one or more Sub-Funds, as the context requires;
"Service Providers"	service providers to the Trust including the Investment Manager and the Auditor;
"Second Schemes"	collective investment schemes other than the Trust and its Sub-Funds;
"SONIA"	Sterling Overnight Index Average
"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;
"Sub-Fund"	a sub-fund of the Trust being a separate portfolio of assets established in the Trust that is invested in accordance with the investment objective and strategy applicable to such sub-fund and that is established by the Manager from time to time;
"Subscription Documents"	the Form, the Prospectus, any PRIIPs KID in respect of a Sub-Fund and the Deed;
"Sovereign Debt"	debt obligations issued or guaranteed by Governmental Entities;
"Transferable Security"	means as defined in the FCA Rules;
"TRS"	Total Return Swaps;
"Trust"	BlackRock Charities Funds;
"Trustee"	The Bank of New York Mellon (International) Limited, which has been appointed as the trustee of the Trust as well as the Trust's depositary within the meaning of the AIFMD;
"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);
"Unit"	a unit in a Sub-Fund;
"Unitholder"	a holder of Units from time to time;
"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 Rules;
"US Persons"	means as defined in section 14.9 of this Prospectus;
"US-UK IGA"	the US-UK Agreement to Improve International Tax Compliance and to Implement FATCA.

2. INTRODUCTION

The Trust is an authorised unit trust scheme established as an umbrella and authorised and regulated by the FCA as a CAIF and as a Non-UCITS Retail Scheme for the purposes of the FCA Rules. The Trust was established on 1 April 2019 and was authorised by the FCA on 1 April 2019. The Trust's FCA product reference number is 839484. The Trust is a UK charity registered with the Commission with registration number 1182766.

The Trust as at the date of this Prospectus consists of the following Sub-Funds:

BlackRock Charities UK Bond Fund

BlackRock Charities UK Equity Fund

BlackRock Charities UK Equity ESG Fund[1]

BlackRock Charities UK Equity Index Fund

BlackRock Charities Growth & Income Fund

BlackRock Armed Forces Charities Growth & Income Fund

BlackRock Catholic Charities Growth & Income Fund

Further details of the Sub-Funds are set out in Annexes A, B, C, D, E, F and G to this Prospectus.

Subject to the FCA Rules and the Deed, the Manager may by resolution from time to time create such additional Sub-Fund or Sub-Funds with such investment objectives and such restrictions as to investment or otherwise, and denominated in such currencies, as the Manager shall from time to time determine.

Each Sub-Fund has a specific portfolio to which its assets and liabilities are attributable. So far as the Unitholders are concerned each Sub-Fund is treated as being separate from any other Sub-Fund of the Trust that may be created.

Each Sub-Fund will be charged with the liabilities, expenses, costs and charges of the Trust attributable to that Sub-Fund and the Sub-Fund's charges will be allocated between classes in accordance with the terms of issue of Units of those classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-Fund may be allocated by the Manager in consultation with the Trustee in a manner which it believes is fair to the Unitholders generally. This will normally be pro rata to the net asset value of the relevant Sub-Fund.

This document which constitutes the Prospectus for the Trust is issued by the Manager with effect from 24 October 2019.

Pursuant to Section 97(1) Charities Act 2011, any Charity is permitted to participate in the Sub-Funds.

When investing in the Sub-Funds, and in particular when investing in the BlackRock Charities UK Equity ESG Fund[2], the BlackRock Charities Growth & Income Fund and the BlackRock Catholic Charities Growth & Income Fund, the trustees of the participating charities should consider carefully their general legal powers and duties of investment, in particular those relating to selection of investments using non-financial (e.g. ethical) criteria, as well as all applicable policies or guidelines issued by the Commission which may impact on their eligibility to invest.

Where the provisions of the Deed and the Prospectus are in conflict, the provisions of the Deed shall prevail in respect of the relevant Sub-Fund.

3. 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.

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

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

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 of America.

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 is dual-regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Trustee is a charity trustee for the purposes of the Charity Act 2011.

Terms of Appointment

The Manager is required to enter into a written contract with the depositary to evidence its appointment. The Trustee is appointed as the depositary under an agreement entered into between BlackRock Fund Managers Limited and The Bank of New York Mellon (International) Limited dated 5 April 2019.

Duties of the Trustee

The Trustee is responsible for the safekeeping of scheme property, monitoring the cash flows of the Sub-Funds and must ensure that certain processes carried out by the Manager are performed in accordance with the applicable rules and the constitutive documents of the Sub-Funds.

The Trustee acts as the depositary of the Sub-Funds and, in doing so, shall comply with the provisions of the AIFMD and the terms of the Deed in this regard.

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 Sub-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.

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 Sub-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 Links 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 Sub-Funds and Unitholders.

If a Link exists between the Trustee and any Unitholders in the Trust, the Trustee shall take all reasonable steps to avoid conflicts of interests arising from such Link, and ensure that its functions comply with the regulations 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 assets of the Sub-Funds 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 Sub-Funds and its Unitholders.

The Trustee may, from time to time, act as trustee, depositary 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 Sub-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 Sub-Funds may invest to various sub-delegates.

4. THE MANAGER

BlackRock Fund Managers Limited acts as manager of the Sub-Funds and also of other authorised schemes listed in Annex L "Other Authorised Schemes" for which separate 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 and Wales on 20 March 1973 under the Companies Acts 1948 to 1967 for an unlimited duration. It is a subsidiary of BlackRock, Inc. and forms part of the BlackRock Group. The Manager is authorised and regulated by the FCA with permission to carry on the activity of 'managing an AIF' in the UK. The Manager is a charity trustee for the purposes of the Charity Act 2011.

The Manager has been appointed to be the alternative investment fund manager of the Sub-Funds, each of which is an alternative investment fund, or 'AIF', for the purposes of the AIFMD.

The Deed contains provisions governing the responsibilities of the Manager in relation to the management and administration of the Sub-Funds and the issue and redemption of the Units. The Manager, as the alternative investment fund manager of each of the Sub-Funds, is responsible for the portfolio management of each Sub-Fund and exercising the risk management function in respect of each Sub-Fund. In addition, the Manager's duties include maintaining the books and records of each Sub-Fund, valuing each Sub-Fund's assets, calculating the net asset value of each Sub-Fund and the net asset value per Unit and the general administration of the Sub-Funds, including the distribution of Units. As the alternative investment fund manager of each of the Sub-Funds, the Manager is also responsible for ensuring compliance with the AIFMD in respect of each Sub-Fund. Professional liability risks resulting from those activities which the Manager carries out pursuant to the AIFMD, are covered by the Manager through 'own funds' (within the meaning of the AIFMD).

The Manager may delegate certain of its functions to third parties. Further details of the functions currently delegated by the Manager are set out in sections 0, 6, 7 and 9.

The registered office of the Manager is 12 Throgmorton Avenue, London, EC2N 2DL.

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

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

A M Lewis*

D Edgar

T S Hale

A C Hoctor-Duncan*

T N Hodgson

A L Pickering

S L Sabin

M J Seymour

* Non-executive directors.

None of the directors are 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.

5. THE INVESTMENT MANAGER

The Manager has delegated certain functions with respect to the portfolio management of the assets of each of the Sub-Funds and the performance of certain risk management functions to BlackRock Investment Management (UK) Limited. The registered office of the Investment Manager is 12 Throgmorton Avenue, London, EC2N 2DL. The Investment Manager is authorised and regulated by the FCA. The Investment Manager's principal activity is providing collective portfolio management and risk management services.

The Investment Manager has been granted the authority to manage and make purchases and sales of investments for the appropriate Sub-Funds on the Manager's behalf and as the Manager's agent, within the investment policies of the Sub-Funds. The Investment Manager has discretion to buy, sell, retain, exchange or otherwise deal in investments, subscribe for new issues, and accept placings, underwritings or sub-underwritings for the relevant Sub-Funds. The Investment Manager may sub-delegate all or part of its functions to associates and shall seek the consent of the Manager prior to any such sub-delegation, including where the sub-delegation involves the exercise of its discretionary investment management powers.

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

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

The Manager may terminate its investment management agreement with the Investment Manager upon notice with immediate effect. The Investment Manager may terminate its investment management agreement on giving three months' notice to the Manager, however, in certain limited circumstances (such as the Manager ceasing to be the 'AIFM' for the purposes of the AIFMD), the Investment Manager may terminate its investment management agreement with the Manager upon notice with immediate effect.

The Investment Manager's fees for acting as the investment manager of the Sub-Funds are paid by the Manager.

6. THE PRINCIPAL DISTRIBUTOR

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

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

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

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

The Principal Distributor is authorised by the Manager and entitled at its sole discretion, subject to the FCA Rules and without recourse or cost to the Sub-Funds, to rebate all of or part of the Manager's charges by way of initial or renewal commission or rebate of the annual management charge, to authorised intermediaries or to third party distributors or agents in respect of any subscriptions for, or holdings of, Units for any investors, as further described in section 19, "Commissions and Rebates". Payments of rebates are subject to the Manager receiving its fees and charges from the Sub-Funds. The Manager may also discount preliminary charges to directors and employees of the Principal Distributor and its affiliates.

The Principal Distributor has appointed BlackRock (Channel Islands) Limited ("BCI") to carry out certain administration services. BCI is a company incorporated with limited liability in Jersey on 10 August 1972 for an unlimited period.

The registered office of BCI is at Aztec Group House, 11-15 Seaton Place, St. Helier, Jersey, Channel Islands, JE4 0QH.

7. 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 has the discretion to arrange securities loans with counterparties which may include associates within the BlackRock Group.

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

8. THE ADMINISTRATOR

The Manager has delegated certain fund accounting and fund administration functions in respect of the Sub-Funds to The Bank of New York Mellon (International) Limited.

9. THE REGISTRAR

The Manager is the person responsible for maintaining the Register under the terms of the Deed for each of the Sub-Funds. The Register for each of the Sub-Funds may be inspected at the registered office of the Manager by or on behalf of the Unitholders, on any Business Day during Normal Business Hours. The Manager has delegated its registrar functions and the performance of transfer agency services to the Bank of New York Mellon (International) Limited.

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

10. THE AUDITOR

The auditor of the Sub-Funds is Ernst & Young LLP whose address is 1 More London Place, London, SE1 2AF. The Auditor's responsibility is to audit and express an opinion on the financial statements of each Sub-Fund in accordance with applicable law and auditing standards.

11. THE ADVISORY COMMITTEE

Each Sub-Fund may appoint an Advisory Committee in accordance with the terms set out in the Deed. As at the date of this Prospectus, the following Sub-Funds have appointed Advisory Committees:

(A) BlackRock Armed Forces Charities Growth & Income Fund; and

(B) BlackRock Catholic Charities Growth & Income Fund.

Where an Advisory Committee is appointed, the Manager and the Trustee must maintain records of any dealings with such Advisory Committee for at least five calendar years.

11.2 Role and Responsibilities of the Advisory Committee(s)

In respect of a Sub-Fund to which an Advisory Committee is appointed, its principal function is to represent the interest of Unitholders in such Sub-Fund and to consult with and make representations to the Manager and to the Trustee in carrying out that function. Each Advisory Committee is a consultative body only with no executive powers. The Advisory Committee will be

consulted on significant matters related to the administration and management of the relevant Sub-Fund and is not authorised to undertake regulated activities.

The members of each Advisory Committee are independent of the Manager and of the Trustee.

According to the Deed, each Advisory Committee will consider and, as such Advisory Committee deems appropriate, make representations to, and consult with, the Manager and the Trustee regarding the management and administration of such Sub-Fund to which such Advisory Committee is appointed, including (without limitation) in relation to:

(A) the appointment by the Manager and the Trustee of delegates providing key services in respect of the Trust and/or the Sub-Fund;

(B) the investment objective and policy of the Sub-Fund;

(C) the income distribution policy of the Sub-Fund; and

(D) the fees and charges borne or to be borne by any class of Units of the Sub-Fund (including any changes proposed to the fees and charges referred to in the section of this Prospectus headed "Charges").

Specifically, the Advisory Committee of BlackRock Armed Forces Charities Growth & Income Fund may:

(a) Act as a collective voice for Unitholders and represent their interests to the Manager;

(b) Receive a periodic update from the Manager on investment performance and distributions relating to the Sub-Fund;

(c) Prepare each year an annual statement (which shall be the responsibility of the Chairman) and approved by the Advisory Committee on the discharge by the Advisory Committee of its functions, to be included in the Trust's annual accounts;

(d) Report verbally to Unitholders at bi-annual meetings of Unitholders;

(e) Attend a bi-annual meeting with the Manager and a representative of the Trustee (when required);

(f) Appoint members and manage the recruitment of members to the Advisory Committee. The Manager and Trustee may provide details of the Register, at the request of the Advisory Committee, for such purposes; and

(g) Act as an ambassador for the Fund among the armed forces charitable community.

Specifically, the Advisory Committee of the BlackRock Catholic Charities Growth & Income Fund may:

(a) Act as a collective voice for Unitholders and represent their views and interests to the Manager;

(b) Provide advice to the Manager on the views of the Catholic Church and Catholic social teaching;

(c) Prepare each year an annual statement (which shall be the responsibility of the Chairman) and approved by the Advisory Committee on the discharge by the Advisory Committee of its functions, to be included in the Trust's annual accounts;

(d) Report verbally to Unitholders at bi-annual meetings of Unitholders;

(e) Attend a bi-annual meeting with the Manager and a representative of the Trustee (when required);

(f) Appoint members and manage the recruitment of members to the Advisory Committee. The Manager and the Trustee may provide details of the Register, at the request of the Advisory Committee, for such purposes; and

(g) Act as an ambassador for the Fund among the Catholic charitable community.

For the avoidance of doubt, notwithstanding any of the above, the Manager shall retain absolute discretion in relation to the management and administration of the relevant Sub-Funds and the Advisory Committee to each of the Sub-Funds is a consultative body only.

The members of a Sub-Fund's Advisory Committee shall be entitled to be paid, out of the property of the Trust attributable to the relevant Sub-Fund, for any reasonable costs and expenses incurred by members while carrying out their Advisory Committee functions, including where relevant, the cost of remunerating any secretary appointed by an Advisory Committee. In accordance with the FCA Rules, each Advisory Committee may appoint as secretary of such Advisory Committee any appropriate individual (whether or not a member) or company, upon such lawful and proper terms as to remuneration to be paid out of the property of the of the relevant Sub-Fund, upon such notice and other matters as the relevant Advisory Committee members think fit. The Advisory Committee may also remove the same from such appointment. The secretary, if an Advisory Committee member, shall be appointed without remuneration. It is not expected that any Advisory Committee will appoint a secretary.

The Manager shall at its own expense provide information to each Advisory Committee on the matters upon which such Advisory Committee is mandated to consider as part of its functions. The Manager shall provide information in reasonable detail which it reasonably considers relevant to the functions of each Advisory Committee, and with reasonable advance notice to allow proper consideration by an Advisory Committee. As a minimum the Manager will at its own expense:

(A) provide to an Advisory Committee details of any proposed increase in the fees and charges borne or to be borne by any class of Units of the Sub-Fund (including any changes proposed to the fees and charges referred to in the section of this Prospectus headed "Charges") to which such Advisory Committee is appointed, at least 28 calendar days before any written notice of such matters are to be sent to Unitholders;

(B) provide a report to an Advisory Committee in respect of which it is appointed twice a year on matters concerning the management and administration of the Sub-Fund and such other matters which the Manager deems will be of interest to an Advisory Committee; and

(C) if required by an Advisory Committee, attend meetings with an Advisory Committee at a time and place to be agreed.

Furthermore, where an Advisory Committee is appointed in respect of a Sub-Fund. The Manager shall:

(A) inform Unitholders in writing of the representations (if any) made to them by an Advisory Committee of any proposed increase, or introduction, of fees and charges borne or to be borne by any class of Units of the Sub-Fund (including any changes proposed to the fees and charges referred to in the section of this Prospectus headed "Charges"); and

(B) ensure on the request of the Advisory Committee that the Trust's annual accounts include a statement prepared by the Chairman and approved by the relevant Advisory Committee on the discharge by such Advisory Committee of its functions.

11.3 **Membership of the Advisory Committee(s)**

As at the date of this Prospectus, the Advisory Committee(s) are comprised of the following individuals:

(A) *BlackRock Armed Forces Charities Growth & Income Fund*

Mr Guy Davies (Chairman); Lieutenant General Sir Andrew Gregory KBE, CB, DL; Major General Paul Griffiths; Major General Tim Hyams CB, OBE; Major General Richard Semple CBE; Major General Ashley Truluck CB, Brigadier Anna Luedicke OBE, CBE; Colonel Paul Mitchell Air Vice-Marshal, MVO; Mr Michael Adler TD; Mr Michael Baines; Mr Jonathan Beatson-Hird; Ms Victoria Fakehinde; Mr Anthony Scott and Mr James Duckworth-Chad.

(B) *BlackRock Catholic Charities Growth & Income Fund*

Fr David Goodill OP (Chairman); Mr Jonathan Waterfield; Mr Tom Breen; Mr Alan Wraight; and Sister Philomena Dzimba.

11.4 **Nomination and Termination of Advisory Committee Members**

New appointments to the Advisory Committee will be formally nominated by the Chairman and must be seconded by at least two other existing members of the Advisory Committee. The identification, selection and appointment of Advisory Committee members is the collective responsibility of the Advisory Committee, and is entirely independent of the Manager and Trustee.

The Advisory Committee for BlackRock Armed Forces Charities Growth & Income Fund will comprise persons who represent the Unitholders of the Sub-Fund (as determined by the Advisory Committee) or persons with relevant experience in financial services. It will have a minimum of four members and a maximum of fifteen members. The standard term of service will be five years, with the ability to serve additional terms in certain circumstances, with the agreement of the Advisory Committee. The Advisory Committee will meet at least twice in each calendar year. The quorum will be three members present at a meeting.

The Advisory Committee for BlackRock Catholic Charities Growth & Income Fund will comprise persons who represent the Unitholders of the Sub-Fund (as determined by the Advisory Committee). It will have a minimum of five members and a maximum of fifteen. The standard term of service will be three years, and members can serve two consecutive terms of service. The Advisory Committee will meet at least twice in each calendar year. The quorum will be half of the current membership present at a meeting.

A member's appointment to the Advisory Committee will end when their standard term of service expires, unless they elect to serve an additional term. Any additional terms of service of an existing member will follow the same process as new appointments to the Advisory Committee. If a member wishes to terminate their appointment before the expiry of the standard term of service, they must make a written request to the Chairman. The appointment will be terminated on a mutually agreeable date, decided by the Chairman and the Member.

11.5 **Meetings of the Advisory Committee(s)**

Each Advisory Committee may request the convening of a general meeting of Unitholders of the Sub-Fund to which it is appointed by notice which must state the objects of the meeting, be dated, be signed by or on behalf of the Advisory Committee and be sent to the Manager or the Trustee. On receipt of notice from or on behalf of an Advisory Committee the Manager or the Trustee must convene a general meeting for a date not later than eight weeks after receipt of the notice from the Advisory Committee.

The Advisory Committee members shall hold at least two ordinary meetings each year to be held at times and places determined by the Advisory Committee.

The Advisory Committee at its first ordinary meeting in each year shall elect one member to be Chairman of its meetings until the commencement of the first ordinary meeting in the following year. The Chairman shall always be eligible for re-election. If at any meeting the Chairman is not present within 10 minutes after the time appointed for holding the same or there is no Chairman, the Advisory Committee members present shall choose another member to be chairman of the meeting.

A special meeting may be summoned at any time by the Chairman or any two Advisory Committee members upon not less than 4 days' notice being given to the Advisory Committee members of the matters to be discussed, but if the matters include an appointment of an Advisory Committee member then upon not less than 21 days' notice being so given. A special meeting may, but need not, be summoned to take place immediately before or after an ordinary meeting.

Every matter shall be determined by the majority of votes of the Advisory Committee members present and voting on the question. In case of an equality of votes, the Chairman of the meeting shall have a casting vote whether or not he has previously voted on the same question, but no Advisory Committee member in any other circumstances shall have more than one vote. Any Advisory Committee member may appoint another person (a "proxy") to exercise all or any of his or her rights to attend, speak and vote at a meeting of the Advisory Committee. A proxy must be appointed by a notice in writing (a "proxy notice"), signed by the appointing Advisory Committee member and delivered to the Chairman not less than 48 hours before the relevant meeting. The appointment shall be valid for all meetings stated in the proxy notice and any adjournments of such meetings, unless a written notice of revocation is delivered to the Chairman before the relevant meeting. Appointment of a proxy shall not preclude the appointing Advisory Committee member from attending and voting in person at the meeting in respect of which the proxy is appointed (or at any adjournment of that meeting), in which case the proxy appointment shall be deemed void for the purposes of that meeting.

12. UNITHOLDER'S RELATIONSHIP WITH A SUB-FUND

Any retail investor should read carefully and in its entirety the KID issued in respect of each Unit class pursuant to the PRIIPs Regulations before making an application for Units.

Please refer to the KID for the relevant Unit class for details of performance scenarios, costs and recommended holding periods for the Unit class.

In order to subscribe for Units, Unitholders must complete an appropriate Form. By doing so, Unitholders agree to subscribe for Units and to be bound by the terms of the Subscription Documents. All Unitholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Deed, copies of which are available as described in section 36(e) below. The provisions of the Deed are binding on the Trustee, the Manager and the Unitholders and all persons claiming through them respectively as if all such Unitholders and persons had been party to such Deed. The Subscription Documents are governed by English law and the courts of England and Wales shall have jurisdiction in relation to claims made under them.

Unitholders should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England and Wales. Depending on the nature and jurisdiction of the original judgment, the following reciprocal enforcement regulations, convention and treaties may be applicable: (i) Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the "Brussels Regulation"), (ii) Regulation (EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims, (iii) the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters done at Lugano on 30 October 2007 (the "Lugano Convention"), (iv) the Administration of Justice Act 1920 and (v) the Foreign Judgments (Reciprocal Enforcement) Act 1933 may apply. Judgments obtained in jurisdictions or relating to matters not covered by such legal instruments may be enforceable at common law.

13. UNITHOLDER'S RIGHTS AGAINST SERVICE PROVIDERS

The Trust is reliant on the performance of service providers, including the Investment Manager and the Auditor, whose details are set out herein (the "**Service Providers**").

No Unitholder will have any direct contractual claim against any Service Provider with respect to such Service Provider's default. This is without prejudice to any right a Unitholder may have to bring a claim against an FCA authorised Service Provider, the Manager or the Trustee under Section 138D of the Act (which provides that breach of the FCA Rules by such Service Provider, the Manager or the Trustee is actionable by a private person who suffers loss as a result), or any tortious or contractual cause of action. Unitholders who believe they may have a claim under Section 138D of the Act, or in tort or contract, against any Service Provider, the Manager or the Trustee in connection with their investment in a Sub-Fund, should consult their legal adviser.

Unitholders who are "Eligible Complainants" for the purposes of the FCA "Dispute Resolutions Complaints" rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints against the Manager or the Trustee to the FOS (further details of which are available in section 36 and at www.financial-ombudsman.org.uk). Additionally, Unitholders may be eligible for compensation under the FSCS if they have claims against the Manager, Trustee or another FCA authorised Service Provider (including the Investment Manager) which is in default. As set out in section 36, there are limits on the amount of compensation available. Further information about the FSCS is at www.fscs.org.uk. To determine eligibility in relation to either the FOS or the FSCS, Unitholders should consult the respective websites above and speak to their legal advisers.

The Deed provides that the Trustee will be liable to the Sub-Funds for the loss by the Trustee, or a third party to whom it has entrusted custody, of financial instruments held in custody (provided that such liability has not been lawfully discharged). The Deed imposes further duties and obligations on the Trustee. The Trustee will be liable for the breach of its obligations under the Deed.

14. PURCHASE AND REDEMPTION OF UNITS

14.1 Liquidity Management

The Manager maintains a liquidity management policy to monitor the liquidity risk of the Sub-Funds, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional circumstances.

The liquidity management systems and procedures employed by the Manager enable it to measure the liquidity of a Sub-Fund's portfolio against thresholds set by reference to each Sub-Fund's redemption policy. The Manager seeks to ensure that each Sub-Fund will remain within the liquidity limits set for it.

The Manager is also able to apply various tools and arrangements necessary to respond appropriately to redemption requests. In normal circumstances, redemption requests will be processed as set out below in section 14.4. Other arrangements may also be used in response to redemption requests, including the use of the power of deferral or similar arrangements (as set out in this document), for example, in section 14.8, if activated, will restrict the redemption rights Unitholders benefit from in the ordinary course. The Manager may also temporarily suspend redemptions in certain circumstances as set out in section 14.13.

14.2 **Classes of Units**

Currently Class A Accumulation Units and Class A Income Units are available in each of the Sub-Funds and Class X Accumulation Units and Class X Income Units are available only in BlackRock Charities UK Equity Index Fund and BlackRock Charities Growth & Income Fund. Class X Accumulation Units and/or Class X Income Units are available to launch at the Manager's discretion, as set out in the relevant Annex. Class X Accumulation Units and/or Class X Income Units are only available to Unitholders who have entered into a separate agreement with the Manager or one of its affiliates in relation to the holding of Class X Accumulation Units and/or Class X Income Units or under which the investor has appointed the Manager or such affiliate to carry out investment management or advisory services on its behalf (a "**Client Agreement**"). Class C Accumulation and Class C Income Units are available only in the BlackRock Charities Growth & Income Fund.

The classes of Units currently available in each Sub-Fund are set out in the relevant Annex. Each type of Unit represents a beneficial interest in undivided shares in the property of the relevant Sub-Fund as detailed below. Each Unit, Accumulation or Income, represents one undivided share in the property of the relevant Sub-Fund. Each undivided Unit ranks pari passu with other undivided Units in the relevant Sub-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 the Trust or of the relevant Sub-Fund.

Where Income Units are held, relevant Unitholders will receive a net distribution payable monthly, quarterly, half-yearly or annually according to the distribution policy of the relevant Sub-Fund, details of which are set out in the relevant Annex. This distribution will be paid either by cheque or directly into the bank account of the relevant Unitholder. This net distribution is calculated by multiplying the number of Income Units held on the last day of the relevant accounting period, by the net rate of distribution declared by the Manager. After a period of six years from the date of payment, any unclaimed distribution will be added to the capital property of the relevant Sub-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 Sub-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 Sub-Fund if it considers that this is in the interest of Unitholders of the Sub-Fund and consistent with the objective and policy of the Sub-Fund.

The Deed also permits further classes of Units to be made available other than those currently available. Any such class of Unit may vary according to whether it accumulates or distributes income or attracts different fees and expenses, and as a result of this, monies may be deducted from classes in unequal proportions. In these circumstances, the proportionate interests of the classes of Units within a Sub-Fund will be adjusted in accordance with the provisions of the Deed relating to distribution 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.

14.3 **Purchase of Units**

Subject to the policy on pricing (see section 16), Units in any Sub-Fund may normally be purchased during Normal Business Hours either by writing to the Manager, or (when available) by such forms of electronic communication as may be approved by the Manager or by fax at 0870 7070 144 or +44 (0)207 964 2855. Instructions to purchase Units by writing to the Manager 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. When placing an order for the purchase of Units, the Manager will request that a Form be completed and returned to the Manager.

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

All requests for purchase of Units must be received by the dealing cut off time for the Sub-Funds as set out in the relevant Annex, otherwise they will be held over to the next following valuation point. Purchase orders made by electronic communication (other than by fax and only when available) 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 Sub-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, it 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 Sub-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 require evidence of the charitable status of applicants and may defer the issue of Units until such time as the status of the applicant has been confirmed. The registered charity number or the HM Revenue and Customs exemption number (prefixed by an 'x', 'xn' or 'xr') must be supplied. Alternatively, if the applicant cannot provide a charity number, or HM Revenue and Customs exemption number, the applicant must provide evidence in writing that it otherwise qualifies as a Charity.

Any Charity (or nominee in a Nominee Arrangement on behalf of an Eligible Investor) applying to participate will be required to give a declaration of eligibility to participate and an indemnity against any and all liabilities or costs arising if the applicant is ultimately found not to be an Eligible Investor.

Charities dependent on income from their existing investment will need to pay due regard to the timing of interest or dividend entitlements on the securities they wish to offer for transfer.

No certificates are issued for Units in the Sub-Funds.

In accordance with the COLL Sourcebook and section 14.9 of this Prospectus, the Manager reserves the right to refuse to issue Units in certain circumstances, in particular where it has reasonable grounds to reject the subscription for Units.

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 Income Units and/or Class X Accumulation Units, having an agreement with the Manager, the Principal Distributor or one of their affiliates in relation to the holding of Class X Income Units and/or Class X Accumulation 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 Sub-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.

Any retail investor should read carefully and in its entirety the KID for the relevant Unit before making an application for Units.

14.4 **Cancellation Rights**

Unitholders have 14 days in which to cancel the relevant purchase if 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 receipt of the contract note by the Unitholder. A Unitholder will need to notify the Manager in writing that it wishes to exercise a right to cancel. Unitholders should note that exercising a right to cancel does not necessarily mean that a Unitholder will receive back the amount 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. A Unitholder which has not yet paid for the investment 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.

14.5 **Redemption of Units**

Subject to the policy on pricing (see section 16), Units in any Sub-Fund may normally be sold back to the Manager during Normal Business Hours on any Business Day either by application in writing to it, or by fax at 0870 7070 144 or +44 (0)207 964 2855. 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. 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 in 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; or

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

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

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.

14.6 **Conversion and Switching Rights**

Where more than one class of Unit is in issue in a Sub-Fund, the Manager may permit a Unitholder to:

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

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

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

The Manager, at its discretion, may make a charge for a conversion between Units of the relevant Sub-Fund or a switch from the relevant Sub-Fund into Units of another Sub-Fund within the same umbrella or other BlackRock funds as set out in Annex L. 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 Sub-Fund. Currently the Manager charges a fee on switches only equivalent to the preliminary charge for the Sub-Fund/BlackRock 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 Sub-Fund and another Sub-Fund or other BlackRock funds will only be effected on a Business Day when both funds have valuation points.

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

Class X Accumulation Units and/or Class X Income Units are only available to Unitholders who have entered into a separate agreement with the Manager or one of its affiliates in relation to the holding of Class X Accumulation Units and/or Class X Income Units or under which the investor has appointed the Manager or such affiliate to carry out investment management or advisory services on its behalf.

A Unitholder in one Sub-Fund may switch or convert Units for Units in another Sub-Fund within the same umbrella. Any such switch or conversion is treated as a redemption and sale. A charge may be made when switching Units in one Sub-Fund for Units in another Sub-Fund.

14.7 **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 Sub-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 ensure that it is not likely to result in any material prejudice to the interests of Unitholders in the relevant Sub-Fund.

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

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

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

If a Unitholder wishes to sell Units in any Sub-Fund representing 5% or more of the value of that Sub-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 Sub-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 Sub-Fund or such selection from the property of the Sub-Fund as the Trustee, after consultation with the Manager, decides is reasonable to the Unitholder, in either case having regard to the need to be fair both to the Unitholder taking the in specie redemption and to continuing Unitholders.

Irrespective of the value of the Units, where a Unitholder wishes to redeem and the Manager has elected to provide an in specie transfer, the Unitholder is entitled to instruct the Manager not to transfer assets, but to sell those assets (other than

those in cash in the relevant currency) and pay to the Unitholder the net proceeds of sale (and cash). However, instruction must be given by the Unitholder in writing to the Manager by the close of business on the third Business Day after receipt of the Manager's notice of election to provide an in specie redemption. The value raised will not necessarily correspond with the applicable published bid price.

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

14.8 **Power of Deferral**

At times of excessive redemptions the Manager may decide to defer redemptions at any valuation point to the next valuation point where the requested aggregate redemptions exceed 10% of a Sub-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 Sub-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.

14.9 **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 Sub-Fund are acquired or held by any person in 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 the Trust and/or a Sub-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) ("**relevant circumstances**") and, in this connection, the Manager may reject at its discretion any subscription for, redemption of, switch, conversion or transfer of Units.

In particular, the Manager has determined that only Eligible Investors are permitted to own Units in a Sub-Fund. For the avoidance of doubt, Eligible Investors shall not include:

(i) US Persons. 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; and

(ii) investors who are not Charities.

If it comes to the notice of the Manager that any Units ("**Affected Units**") have been acquired or are being held in each case whether beneficially, or otherwise, in any of the relevant circumstances referred to above, or if it reasonably believes this to be the case, the Manager may give notice to the holder of the Affected Units requiring the Unitholder to transfer such Units to a person who is qualified or entitled to own the Units in question, or to give a request in writing for the redemption or cancellation of such Units in accordance with the FCA Rules. 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 pursuant to the FCA Rules.

The Manager may effect the mandatory conversion of a unitholder's units in the same Sub-Fund with a lower annual management charge (but otherwise with the same rights attached to them) provided such unitholder is given at least 60 days' prior notice of such conversion.

14.10 **Unpresented Cheques, Unclaimed or Other Balances**

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

14.11 **Excessive Trading Policy**

The Sub-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 Sub-Funds may be utilised by certain investors for asset allocation purposes, which may require the periodic re-allocation of assets between Sub-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 its discretion, powers exist in other sections of this Prospectus to ensure that Unitholder interests are protected against excessive trading. These include:

(i) in-specie redemptions – section 14.7; and

(ii) conversion and switching rights – section 14.6.

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

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

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

14.12 **Compliance with Applicable Law and Regulations**

As a result of any applicable law and regulations, including but not limited to, relevant anti-money laundering legislation, 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 they are 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 and/or other distributions 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 as further described in section 14.10 of this Prospectus. 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 or one of its affiliates, Unitholders acknowledge that the Manager may at any time initiate a search of information held electronically in order to verify their identity.

14.13 **Suspension**

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

The Manager will notify Unitholders of the suspension as soon as practicable after the suspension commences and will formally review the suspension with the Trustee at least every 28 days, keeping the FCA informed. The Manager will resume issue and redemption of 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.

14.14 **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.

15. PRICES OF UNITS

The Manager will, on the completion of each valuation, advise the Trustee of the issue and cancellation prices of the Units. These are the prices which the Manager will have to pay to the Trustee for the issue of Units or which the Manager will receive from the Trustee upon the cancellation of Units. The cancellation price last notified to the Trustee is available from the Manager on request. The issue and redemption prices that the Manager 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 nor less than the cancellation price. The Manager will notify the Trustee of the maximum issue price and minimum redemption price at which the Manager will deal.

16. POLICY ON PRICING

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

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

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

17. MINIMUM INVESTMENT AND MINIMUM HOLDING

The minimum initial investment for each Sub-Fund and the minimum subsequent investments and the minimum withdrawals (if applicable) are stated in the relevant Annex to this Prospectus. These apply to registered Unitholders and beneficial Unitholders in respect of nominee Arrangements. Nominee Arrangements should not be used as a means of circumventing the investment minima for each Sub-Fund where otherwise the individuals investing via the nominee Arrangement would not be able to independently meet the investment minimum and holding criteria.

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 Income Units and Class X Accumulation Units, having a Client Agreement). 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 Unitholder into a more appropriate class in the relevant Sub-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 Unitholder bears any consequent risk including that of market movement.

When Unitholders make a withdrawal, conversion, switching or transfer, the remaining balance of their holding must be at least equal to the minimum investment otherwise the Manager may at its discretion arrange to sell the holding and remit the proceeds to the relevant Unitholder. If, as a result of a withdrawal, conversion, switching 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.

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

18. CALCULATION OF THE PRICES AND VALUATION OF ASSETS

The Sub-Funds are dual-priced with an issue price reflecting the price at which Units in each Sub-Fund are issued and a cancellation price reflecting the price at which Units in each Sub-Fund are cancelled.

The Manager calculates prices at which a Unitholder buys and sells Units, in accordance with the procedures set out in Annex H to this Prospectus and, to the extent that they are applicable, on the assumptions set out in the FCA Rules as amended from time to time. The issue price of Units is calculated by reference to the underlying assets of the relevant Sub-Fund valued on an offer basis. The cancellation price of Units is calculated by reference to the underlying assets of the relevant Sub-Fund valued on a bid basis. In each case, provision is made for dealing costs. The difference between the quoted prices is known as the "spread".

Pursuant to the AIFMD, the Manager is responsible for the valuation of Sub-Funds' assets. The valuation function in respect of a Sub-Fund's underlying assets is performed by the Manager in accordance with the AIFMD. The Manager makes use of a valuations pricing committee, which ensures that the valuation function is functionally and hierarchically independent from the portfolio management function of the Manager. The processes utilised in valuation are set out in Annex H.

The Manager may, at its discretion, implement fair value pricing policies in respect of the Sub-Funds. Fair value pricing will only apply where the Manager has reasonable grounds to believe that no reliable price exists for a particular asset at a valuation point or the most recent price available does not reflect the Manager's best estimate of the value of an asset at the valuation point. In these circumstances the Manager will 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 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. The Manager's decision to use fair value pricing will also depend on the securities involved and the basis and reliability of the alternative price used.

When determining such fair value, one or more of a variety of fair valuation methodologies may be used (depending on factors including the asset type). For example, the asset may be priced on the basis of the original cost of the investment or, alternatively, using proprietary or third party models (including models that rely upon direct portfolio management pricing inputs and which reflect the significance attributed to the various factors and assumptions being considered). Prices of actual, executed or historical transactions in the relevant asset (or related or comparable assets) or, where appropriate, an appraisal by a third party experienced in the valuation of similar assets, may also be used as a basis for establishing the fair value of an asset.

The Manager may suspend dealing in the Sub-Funds if it cannot obtain prices on which to base a valuation. The Manager may, with the Trustee's prior agreement or if the Trustee requires it, suspend the repurchase of Units in accordance with section 14.13 of this Prospectus, if the Manager and the Trustee (or the Trustee in the case of any requirement by it) are of the opinion that there is good and sufficient reason to do so having regard to the interests of Unitholders.

The Manager's Annual Charge (as defined in section 29 of this Prospectus) (which is taken into account in valuations) is based upon values midway between offer and bid basis.

Valuations are normally taken at a valuation point of 12.00 noon on each Business Day. The Manager may declare additional valuation points for a Sub-Fund at its discretion and with the prior agreement of the Trustee. The Manager calculates Unit prices in respect of a valuation point, using the most recent prices of the underlying securities that the Manager can reasonably obtain after the valuation point. The objective is to give an accurate value of each Sub-Fund as at the valuation point. Valuations will be in the base currency of each Sub-Fund which is Sterling.

Applicable costs, expenses or adjustments, including the expenses of a Sub-Fund incurred in the creation and cancellation of Units, shall be paid out of or made to each Sub-Fund prior to valuation and shall be reflected in the price of Units in accordance with this Prospectus and, to the extent that they are applicable, the assumptions set out in the COLL Sourcebook.

19. **COMMISSIONS AND REBATES**

Where Units are purchased through an authorised intermediary, the Principal Distributor (as authorised by the Manager) may, at its discretion and subject to the FCA Rules, pay initial or renewal commissions to authorised intermediaries subject to the FCA Rules.

Where applicable, the amount of initial or renewal commission paid on a purchase will be shown on the relevant contract note sent to Unitholders. In such circumstances, the Manager will also advise Unitholders of any initial or renewal commission to be paid in respect of a purchase, upon request. If a Unitholder switches an investment from one Sub-Fund to another Sub-Fund or from one Sub-Fund into another of the BlackRock funds, the Manager normally allows a discount on the price at which units are purchased and/or pay a reduced commission to any intermediary concerned.

No initial or renewal commissions are paid in respect of Class X Income Units and Class X Accumulation Units, or in respect of Class C Income Units and Class C Accumulation Units.

Class X Accumulation Units and/or Class X Income Units are only available to Unitholders who have entered into a separate agreement with the Manager or one of its affiliates in relation to the holding of Class X Accumulation Units and/or Class X Income Units or under which the investor has appointed the Manager or such affiliate to carry out investment management or advisory services on its behalf. 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 X Accumulation Units and/or Class X Income Units. 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 the FCA Rules, rebates of annual management charges may be agreed on certain Sub-Funds at the Manager's discretion and subject to the nature of the business provided by third party intermediaries to end investors. Rebates will not exceed the published amount of annual management charge payable in respect of those Sub-Funds.

The terms of any rebate will be agreed between the Principal Distributor and the authorised intermediary from time to time. If so required by the 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 the FCA Rules.

Payment of any rebate of annual management charge or of any 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 Sub-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 35(i).

20. **MANAGER'S BOX**

It is not the Manager's current policy to run a "box" (i.e. hold Units in the Sub-Funds in its own accounts).

Where the Manager makes any profit in connection with the issue or re-issue of Units or the cancellation of Units when dealing as principal in Units of a Sub-Fund, such profits will be paid for and added to the property of the Trust attributable to the Sub-Fund.

21. PUBLICATION OF PRICES, HISTORIC DATA AND YIELDS

The previous dealing day's bid and offer prices of Units and the current estimated gross annual yield of each Sub-Fund are available daily from the Manager's website www.blackrock.co.uk or by calling the Client Services Team on 0800 445522 or via such other sources as the Manager may decide at its discretion. Lines are open between 8.30am and 5.30pm. Telephone calls may be recorded by the Manager.

Please note that the published prices are for information only and may not be the price obtained when Units are dealt. The Manager is not responsible for errors in publication or for non-publication. The cancellation price for each Sub-Fund is available from the Manager on request.

Historic performance data (where available) is contained in the performance data supplement which forms part of the KID which is available to Unitholders on request from the Manager and to applicants prior to investment. For up to date information visit the Manager's website www.blackrock.co.uk speak to its Client Services Team on 0800 445522, lines are open between 8.30am and 5.30pm. Telephone calls may be recorded by the Manager.

The Units in the Sub-Funds are not listed nor dealt on any investment exchange.

22. THE REGISTER OF UNITHOLDERS

The nature of the right represented by Units is that of a beneficial interest under a trust. The Register shall be conclusive evidence of the entitlement to Units of a Unitholder. The Manager is responsible for the maintenance of the Register in accordance with the FCA Rules. The Manager has delegated the performance of registrar functions as set out in section 9 above.

A Register of the names and addresses of the Unitholders (which will include the name of each Unitholder and the number and types of Units held) is held by the Manager and can be examined at the Manager's head office at 12 Throgmorton Avenue, London, EC2N 2DL free of charge during Normal Business Hours.

23. ACCOUNTS

The Manager will prepare annual accounts as at 30 June and interim reports as at 31 December, with the first set of Account being prepared at 30 June 2020, which will be made available to Unitholders upon request. Annual accounts will also be made available to applicants prior to investment. This information will be provided in such a manner as the Manager indicates to the applicant at the time. For example, it may be dispatched directly, posted on a website, or made available through any other medium.

The Manager will make available annual accounts and interim reports to all Unitholders free of charge.

24. EVIDENCE OF TITLE

No certificates are issued for Units in the Sub-Funds. The Register shall be conclusive evidence of the entitlement to Units of a Unitholder. Should any Unitholder, for any reason, require evidence of their title to Units, the Manager will provide a certified copy of the relevant entry in the register relating to that Unitholder's Units subject to the Manager receiving a written request from that Unitholder and such proof of identity as the Manager shall reasonably require.

25. INVESTMENT OBJECTIVES AND RESTRICTIONS

(A) General

The investment objective and restrictions for each of the Sub-Funds are set out in Annexes A, B, C, D, E, F and G to this Prospectus as well as Annex K.

The investment objective and policy of each Sub-Fund is subject to the limits on investment set out in Chapter 5 of the COLL Sourcebook that are applicable to a Non-UCITS Retail Scheme. Details of the investment powers applicable to the Fund are set out in Annex K.

The investment objective of each Sub-Fund is to be treated as a target only. There is no guarantee that a Sub-Fund will achieve its investment objective.

In pursuing its investment objective and policy, each Sub-Fund may use the techniques referenced in the relevant Annex A to G, Annex K and in the risk factors set out in section 27. Other techniques, however, may be developed or determined to be suitable for use by a Sub-Fund and the Manager may (subject to applicable law) employ such techniques in accordance with that Sub-Fund's investment objective and policy.

The investment objectives and / or policy of a Sub-Fund may be amended in accordance with the change classification process set out in the COLL Sourcebook. A fundamental change requires Unitholder consent by extraordinary resolution passed at a meeting of Unitholders. A significant change requires 60 days' pre-notification to Unitholders. Notifiable changes require notification to Unitholders.

(B) Environmental, Social and Governance Integration

This section is applicable to all Funds except BlackRock Charities UK Equity Index Fund.

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

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

This approach is consistent with the Investment Manager's regulatory duty to manage the Funds in accordance with their investment objectives. BlackRock's approach to ESG integration is to broaden the total amount of information the Investment Manager considers with the aim of improving investment analysis and understanding the likely impact of ESG risks on the Funds' investments. The Investment Manager assesses a variety of economic and financial indicators, which may include ESG considerations, to make investment decisions appropriate for the Funds' objectives.

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

(C) Investment Stewardship

BlackRock seeks to advance the financial interests of investors through its investment stewardship efforts, consistent with the investment strategy in which they are invested. It does this by engaging with public companies, proxy voting on the Funds' behalf, contributing to industry dialogue on stewardship, and reporting on its stewardship activities.
BlackRock's stewardship approach is comprised of the following core elements (as further described below):

- Global principles
- Engagement
- Proxy voting

Global principles

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

Engagement

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

Engagement may also inform BlackRock's voting decisions, particularly on issues where company disclosures are not sufficiently clear or complete, or management's approach seems misaligned with the financial interests of investors.
BlackRock's engagement priorities reflect the themes on which it most frequently engages companies, where they are relevant and a source of material business risk or opportunity. These themes focus on:

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

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

Proxy voting

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

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

Reporting

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

26. LEVERAGE AND BORROWINGS

26.1 Types and Sources of Leverage and Circumstances in Which Leverage May Be Used

The Manager may borrow money temporarily for the purpose of meeting payments to be made out of the Sub-Funds on terms that the borrowing is to be repaid out of the property of the relevant Sub-Fund.

Borrowing shall not exceed 10% of the value of the property of the relevant Sub-Fund on any Business Day.

In addition, the Sub-Funds may incur leverage embedded in derivative positions in the circumstances, and subject to the provisions, which are set out in the Annex for the relevant Sub-Fund.

26.2 Leverage as required to be calculated by the AIFMD

Pursuant to its regulatory obligations, the Manager is required to express the level which each Sub-Fund's leverage will not exceed. For the purposes of this disclosure, leverage is any method by which each Sub-Fund's exposure is increased beyond its holding of securities and cash. Each Sub-Fund's exposure may be increased by using derivatives, by reinvesting cash borrowings, through securities lending or securities borrowing arrangements, or by such other means as may be permitted to be used pursuant to each Sub-Fund's investment objectives and strategy (such increase referred to herein as the

"**Incremental Exposure**"). The AIFMD prescribes two methodologies for calculating overall exposure of an AIF: the "gross methodology" and the "commitment methodology". These methodologies are briefly summarised below but are set out in full detail in the AIFMD.

The commitment methodology takes account of the hedging and netting arrangements employed by an AIF at any given time (purchased and sold derivative positions will be netted where both relate strictly to the same underlying asset). This calculation of exposure includes all Incremental Exposure as well as the AIF's own physical holdings and cash. By contrast, the gross methodology does not take account of the netting or hedging arrangements employed by an AIF. This calculation of exposure under the gross methodology includes all Incremental Exposure as well as the Sub-Fund's own physical holdings, excluding cash.

The AIFMD requires that each leverage ratio be expressed as the ratio between an AIF's total exposure (including securities and cash) and its net asset value, see section 26.3 below for an example of leverage ratio breakdown.

Using the methodologies prescribed by the AIFMD, the Sub-Funds are generally expected to be leveraged at the following ratios:

Fund	**Commitment methodology**	**Gross methodology**
BlackRock Charities UK Bond Fund	1.2:1	1.7:1
BlackRock Charities UK Equity Fund	1:1	1:1
BlackRock Charities UK Equity ESG Fund[3]	1:1	1:1
BlackRock Charities UK Equity Index Fund	1:1	1:1
BlackRock Charities Growth & Income Fund	1.3:1	1.7:1
BlackRock Armed Forces Charities Growth & Income Fund	1.3:1	1.9:1
BlackRock Catholic Charities Growth & Income Fund	1.3:1	1.7:1

The Sub-Funds may, however, have higher levels of leverage, including in atypical and volatile market conditions. In such circumstances, leverage will not exceed the following ratios:

Fund	**Commitment methodology**	**Gross methodology**
BlackRock Charities UK Bond Fund	4:1	4.5:1
BlackRock Charities UK Equity Fund	1.3:1	2:1
BlackRock Charities UK Equity ESG Fund[4]	1.3:1	2:1
BlackRock Charities UK Equity Index Fund[5]	1.1:1	1.1:1

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

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

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

BlackRock Charities Growth & Income Fund	2.5:1	4:1
BlackRock Armed Forces Charities Growth & Income Fund	2.5:1	4:1
BlackRock Catholic Charities Growth & Income Fund	2.5:1	4:1

26.3 **Leverage Ratios**

The maximum level of leverage which a Sub-Fund, or the Manager on that Sub-Fund's behalf, is permitted to use as part of such Sub-Fund's investment strategy is set out in section 26.2 above.

As required by the AIFMD, leverage is expressed as a ratio between a Sub-Fund's total exposure and its net asset value. The generic examples below demonstrate the AIFMD prescribed methodologies that must be used for calculating such leverage ratios.

If an AIF were to have 90% physical holding in equity securities and 10% cash, in accordance with the AIFMD such AIF's leverage would be expressed as follows:

(A) using the commitment methodology, a ratio of 1:1, where 1 represents the AIF's exposure through combined holding of equity securities and cash; and

(B) using the gross methodology, a ratio of 0.9:1, where 0.9 represents the AIF's exposure through holding of equity securities only; pursuant to the AIFMD cash is excluded from the gross method of calculation.

As demonstrated above, although the AIF is not leveraged (referred to as "Incremental Exposure", see section 26.2 for further details), the leverage ratios are above zero due to the exposure calculation being performed in accordance with the methodologies expressly set out in the AIFMD.

If an AIF were to have 80% physical holding in fixed-income, 20% exposure to index futures, 30% forward FX (used to hedge) and 20% cash, in accordance with the AIFMD such AIF's leverage would be expressed as follows:

(A) using the commitment methodology, a ratio of 1.2:1, where 1.2 represents the AIF's exposure to fixed-income securities, index futures and cash; pursuant to the AIFMD forward FX used for hedging can be netted against an AIF's foreign currency exposure;

(B) using the gross methodology, a ratio of 1.3:1, where 1.3 represents the AIF's exposure to fixed-income securities, index futures and forward FX; pursuant to the AIFMD cash is excluded from the gross method of calculation whereas forward FX used for hedging cannot be netted.

As demonstrated above, the expression of 1.2:1 does comprise "Incremental Exposure" (see section 26.2 for further details) through the use of derivatives, and the AIF's holdings in fixed-income securities are also included. The exposure is calculated in accordance with the methodologies expressly set out in the AIFMD.

27. **RISK CONSIDERATIONS**

The following is a list of risk factors and does not purport to provide a complete explanation of the risks associated with acquiring and holding Units in a Sub-Fund.

Potential investors should consider the risk factors below before investing in the Sub-Funds. It should also be noted that there may be new risks that arise in the future which could not have been anticipated in advance. In addition, the risk factors listed below will apply to different Sub-Funds to different degrees and for any given Sub-Fund this degree could increase or decrease over time.

27.1 **General Investment Risks**

The Sub-Funds are subject to the risks that all investment funds are subject to, including 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 the Sub-Funds will produce positive total returns, in any particular period losses may be suffered. The Manager cannot guarantee that it will achieve the investment objectives set out for the Sub-Funds.

Unitholders should always bear in mind that the price of Units in the Sub-Funds and the income from them can go down as well as up and are not guaranteed. Accordingly, Unitholders may not receive back the amount invested. An investment in a Sub-Fund is not intended to be a complete investment programme.

The Sub-Funds may invest in currencies other than Sterling. As a result, changes in the rates of exchange between currencies may cause the value of the Units in the Sub-Funds to go up or down. Accordingly, a Unitholder may not receive back the amount invested.

(i) Accumulation of Fees/Expenses

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

(ii) Charges from Capital

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

(iii) Determination of Unit Prices

A proportion of the value of the Sub-Funds and hence the issue and redemption price of the Units, will be based on the latest prices that are available for the investments held by the underlying funds. These latest prices may be estimated prices due to either the frequency or the timing of dealing in the investment vehicles in which the underlying funds are invested or the time that is required by the administrators of such investment vehicles to calculate final prices. Consequently, the value of the Sub-Funds and hence the issue and redemption prices of the Units, may not accurately reflect the value that would have been received by the Sub-Funds had that holding been realised on that day.

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

(iv) Counterparty Risk

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

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

Trading in financial derivative instruments which have not been collateralised gives rise to direct counterparty exposure. A Sub-Fund might mitigate much of this risk by receiving collateral with a value at least equal to the exposure to each counterparty but, to the extent that any financial derivative instrument is not fully collateralised, a default by the counterparty may result in a reduction in the value of a Sub-Fund. In the event of the insolvency of the counterparty to a derivative, a Sub-Fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to

the underlying indebtedness. Consequently, that Sub-Fund will be subject to the credit risk of the counterparty as well as that of the issuer of the indebtedness. As a result, concentrations of derivatives in any one counterparty may subject a Sub-Fund to an additional degree of risk with respect to defaults by such counterparty as well as by the issuer of the underlying indebtedness.

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

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

(v) Counterparty Risk to the Depositary

A Sub-Fund will be exposed to the credit risk of the Depositary or any depository used by the Depositary where cash or other assets are held by the Depositary. 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 Sub-Fund. Cash held by the Depositary will not be segregated in practice but will be a debt owing from the Depositary to the relevant Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the Depositary. In the event of the insolvency of the Depositary, the relevant Sub-Fund will be treated as a general unsecured creditor of the Depositary in relation to cash holdings of the Trust. The relevant Sub-Fund may face difficulties and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the relevant Sub-Fund(s) will lose some or all of their cash. The relevant Sub-Fund's securities are however maintained by the Depositary and sub-custodians used by the Depositary in segregated accounts and should be protected in the event of insolvency of the Depositary or sub-custodians. The relevant Sub-Fund may enter into additional arrangements (for example placing cash in money market collective investment schemes) in order to mitigate credit exposure for its cash holdings but may be exposed to other risks as a result.

To mitigate the relevant Sub-Fund's exposure to the Depositary, the Investment Manager employs specific procedures to ensure that the Depositary is a reputable institution and that the credit risk is acceptable to the relevant Sub-Fund. If there is a change in Depositary then the new depositary will be a regulated entity subject to prudential supervision with a high credit rating assigned by international credit rating agencies.

(vi) Credit Risk

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

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

(vii) Interest Rate and Currency Risk[6]

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

[6] This risk factor applies to the BlackRock Charities UK Bond Fund, the BlackRock Charities Growth & Income Fund, the BlackRock Armed Forces Charities Growth & Income Fund and the BlackRock Catholic Charities Growth & Income Fund.

when interest rates decline, the value of fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed-income securities generally can be expected to decline.

(viii) Liquidity Risk

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

(ix) Market Risk

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

(x) Settlement Risk

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

(xi) Valuation Risk

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

(xii) Leverage

A Sub-Fund may be able to use leverage, including through use of derivative instruments, in accordance with its investment objective and strategy, and the applicable investment restrictions, as set out in Annex A, B, C, D, E, F and G (as applicable).

Derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase Sub-Fund volatility. Any purchase or sale of a futures contract, forward contracts or other derivatives may result in losses in excess of the amount invested.

(xiii) New Issues

The Sub-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. Cancellation rights do not apply to investments in the Sub-Funds.

(xiv) Tax

The tax information provided in section 28 below 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 a Sub-Fund, the taxation of investors 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 the UK, the value of a Sub-Fund's investments in the affected jurisdiction, a Sub-Fund's ability to achieve its investment objective, and/or alter the post-tax returns to Unitholders. Where a Sub-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 information in section 28 below 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 a Sub-Fund.

Where a Sub-Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, a Sub-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 that Sub-Fund in good faith to a fiscal authority for taxes or other charges of a Sub-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 a market practice that is subsequently challenged, or the lack of a developed mechanism for practical and timely payment of taxes, a Sub-Fund pays taxes relating to previous years, any related interest or late filing penalties will likewise be chargeable to that Sub-Fund. Such late paid taxes will normally be debited to a Sub-Fund at the point the decision to accrue the liability in that Sub-Fund's accounts is made.

(xv) Legal and Regulatory Risk

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

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

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

(xvi) Cybersecurity Risk

A Sub-Fund 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 Sub-Fund invests may also be subject to cybersecurity incidents.

Cybersecurity incidents may cause a Sub-Fund to suffer financial losses, interfere with a Sub-Fund's ability to calculate its net asset value, 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 Sub-Fund, Unitholder ownership of Units, and other data integral to the functioning of a Sub-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 Sub-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 Sub-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 Sub-Fund or issuers of securities and counterparties to other financial instruments in which a Sub-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 a Sub-Fund from cyber-attack.

(xvii) Governmental Intervention Risk

In response to a recession, economic slowdown or financial market instability, governments and regulators may choose to intervene by implementing austerity measures and reforms, as seen in the 2007-2008 global financial crisis. There is no guarantee a government or regulatory intervention will have the desired effect and any such intervention may result in social unrest, limit future growth and economic recovery or have unintended consequences. Additionally, such 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 temporary or permanent governmental restrictions may be imposed on the markets in the future and/or the effect of such restrictions on the Investment Manager's ability to implement a Sub-Fund's investment objective, the European or global economy or the global securities market. Instability in the global financial markets or government intervention may increase the volatility of a Sub-Fund and hence the risk of loss to the value of your investment.

(xviii) 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, 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 Sub-Funds.

Volatility resulting from this uncertainty may mean that the returns of the Sub-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.

(xix) MiFID II

MiFID II imposes regulatory obligations and costs on the Manager and the Investment Manager. These regulatory obligations may impact on, and constrain the implementation of, the investment policies of any Sub-Fund and lead to increased compliance obligations upon and accrued expenses for the Manager and the Investment Manager.

MiFID II also introduced for the first time within the EU position limit and position reporting requirements in relation to certain commodity derivatives. The implementation measures impose restrictions on the positions that the Sub-Funds, the Manager and the Investment Manager on behalf of all accounts respectively owned or managed by them, may hold in certain commodity derivatives and require the Manager and the Investment Manager to more actively monitor such positions. If

the Sub-Funds and or the Manager's and/or the Investment Manager's positions reach the position limit thresholds, they are required to reduce those positions in order to comply with such limits.

In addition, MiFID II introduced wider transparency regimes in respect of trading on EU and UK trading venues and with EU and UK counterparties. Under MiFID II, pre- and post-trade transparency regimes are extended from equities traded on a regulated market to also cover equity-like instruments (such as Depositary Receipts, Exchange-Traded Funds and certificates that are traded on regulated trading venues) and non-equities such as bonds, structured finance products, emission allowances and derivatives. The increased transparency regime under MiFID II, together with the restrictions on the use of "dark pools" and other trading venues, means a wealth of new information relating to price discovery is available. Such increased transparency and price discovery may have macro effects on trading globally which may have an adverse effect on the Net Asset Value of a Sub-Fund.

(xx) Impact of Natural or Man-Made Disasters: 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.

(xxi) 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 Sub-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 Sub-Fund.

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 Sub-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 Sub-Fund. The impact of those risks may be higher for Sub-Funds with particular sectoral or geographic concentrations e.g., Sub-Funds with geographical concentration in locations susceptible to adverse weather conditions where the value of the investments in the Sub-Funds may be more susceptible to adverse physical climate events or Sub-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 Sub-Fund's investments. Under normal market conditions such events could have a material impact on the value of units of a Sub-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 Sub-Fund.

Assessments of sustainability risk are specific to the asset class and to the Sub-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 Sub-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 Sub-Funds.

27.2 **Risks Associated with Investment Techniques**

This section sets out specific risk factors associated with particular investment techniques. The table below indicates which of such risk factors are applicable to a Sub-Fund. Investors should bear these risks in mind when considering investment in a Sub-Fund.

Across: Fund **Down: Risk Factor**	**BlackRock Charities UK Bond Fund**	**BlackRock Charities UK Equity Fund**	**BlackRock Charities UK Equity ESG Fund[7]**	**BlackRock Charities UK Equity Index Fund**	**BlackRock Charities Growth & Income Fund**	**BlackRock Armed Forces Charities Growth & Income Fund**	**BlackRock Catholic Charities Growth & Income Fund**
Delayed Delivery Transactions	X				X	X	X
Derivatives (General)	X	X	X	X	X	X	X
Derivative Strategies	X	X	X	X	X	X	X
Contracts for Difference[8]	X	X	X	X	X	X	X
Forward Contracts	X	X	X	X	X	X	X
Futures	X	X	X	X	X	X	X

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

[8] Please refer to the risk factor "Swap Transactions".

Hedging Techniques	X	X	X	X	X	X	X
Options		X	X		X	X	X
OTC Transactions	X	X	X	X	X	X	X
Swap Transactions	X	X	X	X	X	X	X
When-Issued and Forward Commitment Securities	X				X	X	X

(i) Delayed Delivery Transactions

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

(ii) Derivatives (General)

In accordance with the investment restrictions set out in Annex A, B, C, D, E, F and G (as applicable), each Sub-Fund may use derivatives for investment purposes and for "Efficient Portfolio Management" (also known as "EPM") in order to reduce risk and/or costs and/or generate additional income or capital for a Sub-Fund.

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

In accordance with standard industry practice when purchasing derivatives, a Sub-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 Sub-Fund to place initial margin assets with a counterparty, such assets may not be segregated from the counterparty's own assets and, being freely exchangeable and replaceable, that Sub-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 Sub-Fund's obligations to the counterparty in the event that the counterparty requires excess margin or collateral. In addition, as the terms of a derivative may provide for one counterparty to provide collateral to the other counterparty to cover the variation margin exposure arising under the derivative only if a minimum transfer amount is triggered, a Sub-Fund may have an uncollateralised risk exposure to a counterparty under a derivative up to such minimum transfer amount.

Derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities and leveraged positions can therefore increase Sub-Fund volatility.

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 Sub-Fund's credit exposure to its counterparty under a derivative contract is not fully collateralised but each Sub-Fund will continue to observe the limits set out in Annex A, B, C, D, E, F or G (as applicable). The use of derivatives may also expose a Sub-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 Sub-Fund's portfolio and contribution of the underlying investments to the overall risk profile of each Sub-Fund.

Where consistent with its investment objectives and policy and as marked accordingly in the table below, each Sub-Fund may utilise, directly or indirectly (for example through investment in another fund) a variety of exchange traded and over-the-counter ("**OTC**") derivative instruments including, without limitation, call options, put options, stock index options, credit default swaps, credit linked notes, equity default swaps, total return swaps ("**TRS**"), asset swaps, interest rate swaps, contracts for difference ("**CFDs**"), swaptions, warrants, forward contracts and future contracts, for hedging purposes and to reduce risk.

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

(iii) Derivative Strategies

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

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

(iv) Forward Contracts

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

(v) Futures

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

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

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

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

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

(vi) Hedging Techniques

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

(vii) Options

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

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

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

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

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

Investment in options may involve the following non-exhaustive list of risks, see 'Market Risk', 'Settlement Risk', 'Counterparty Risk', 'Liquidity Risk'. Their magnitude will depend on the exposure.

(viii) OTC Transactions

There is less governmental regulation and supervision of transactions in OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies and other types of derivative instruments are generally traded) than organised stock exchanges. Many of the protections afforded to transactions on

organised exchanges such as the performance guarantee of an exchange clearing house may not exist for OTC transactions. The risk of counterparty default therefore exists (see 'Counterparty Risk' and 'Credit Risk').

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

(ix) Swap Transactions

Swap transactions are privately negotiated OTC derivative products in which two parties agree to exchange payment streams of a notional amount in relation to an asset or index. The notional amount is usually not exchanged between counterparties. By consequence, cash or collateral may be required.

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

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

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

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

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

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

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

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

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

(x) When-Issued and Forward Commitment Securities

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

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

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

27.3 *Fund Specific Risks*

The above risks should be considered for all Sub-Funds (or as otherwise indicated). In addition, there are other fund-specific risks that investors should bear in mind when considering investment into a particular Sub-Fund. The specific risk factors are set out in this section. The table below indicates which of such risk factors are applicable to a Sub-Fund.

Across: Fund **Down: Risk Factor**	**BlackRock Charities UK Bond Fund**	**BlackRock Charities UK Equity Fund**	**BlackRock Charities UK Equity ESG Fund[9]**	**BlackRock Charities UK Equity Index Fund**	**BlackRock Charities Growth & Income Fund**	**BlackRock Armed Forces Charities Growth & Income Fund**	**BlackRock Catholic Charities Growth & Income Fund**
Risks relating to the application of ESG criteria			X		X		X
Equity Securities		X	X	X	X	X	X
Restrictions on foreign investments					X	X	X
Smaller Capitalisation Companies		X	X	X	X	X	X
Emerging Markets/Frontier Markets					X	X	X

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

Fixed-income Transferable Securities	X				X	X	X
Sovereign Debt	X				X	X	X
Bank corporate bonds	X				X	X	X
Bond downgrade/sub-investment grade bonds	X				X	X	X
Distressed Securities	X				X	X	X
Geographic Concentration Risk	X	X	X	X			
Index-Related Risks				X			
Tracking Error				X			
Investment in underlying CIS					X	X	X
Risk of capital erosion					X	X	X
MSCI ESG ratings risk					X		X

(i) Risks relating to the application of ESG criteria

Where a Sub-Fund applies certain ESG criteria in its investment strategy, as described in the relevant Annex, the Investment Manager will, in addition to other investment criteria set out in that Sub-Fund's investment policy, apply ESG criteria when selecting that Sub-Fund's investments. The asset classes within a Sub-Fund to which ESG criteria are applied are identified for each relevant Sub-Fund in the relevant Annex. Unitholders should also note that a Sub-Fund may engage in securities lending and receive collateral which may not comply with the ESG criteria of a Sub-Fund.

The application of ESG criteria by a Sub-Fund may lead to certain risks as identified below.

ESG criteria and investment performance

The use of ESG criteria may affect a Sub-Fund's investment performance and, as such, the relevant Sub-Funds may perform differently compared to similar schemes that do not apply ESG criteria. ESG criteria used in the relevant Sub-Funds' investment policies may result in them forgoing certain investment opportunities when it might otherwise be financially advantageous to do so, and/or selling investments due to their ESG characteristics when it might otherwise be financially disadvantageous to do so.

In the event the ESG characteristics of an investment held by a Sub-Fund changes, resulting in the Investment Manager having to sell the investment, neither the relevant Sub-Fund, the Investment Manager, the Trustee, nor the Manager accept liability in relation to such change.

Use of third party data providers

In evaluating an investment based on ESG criteria (either directly or via the use of its own proprietary methodologies), the Investment Manager is dependent upon information and data from third party ESG research providers. ESG data sets are constantly changing and improving as disclosure standards, regulatory frameworks and industry practice evolves, and BlackRock continues to work with a broad range of market participants to improve data quality. However, unitholders should note that ESG data which the Investment Manager uses may be incomplete, inaccurate or unavailable for a number of reasons, including but not limited to:

- Lack of availability of certain ESG metrics due to differing reporting and disclosure standards impacting issuers, geographies or sectors.
- Nascent statutory corporate reporting standards regarding sustainability, leading to differences in the extent to which issuers themselves can report against regulatory criteria, and therefore some metric coverage levels may be low.
- Inconsistent use and levels of reported compared to estimated ESG data across different data providers, taken at varied time periods which makes comparability a challenge.
- Estimated data by its nature may vary from realised figures due to the assumptions or hypothesis employed by data providers.
- Differing views or assessments of issuers due to differing provider methodologies or use of subjective criteria.
- Most corporate ESG reporting and disclosure takes place on an annual basis and takes significant time to produce meaning that this data is produced on a lag relative to financial data. There may also inconsistent data refresh frequencies across different data providers incorporating such data into their data sets.
- Coverage and applicability of data across asset classes and indicators may vary.
- Forward looking data, such as climate related targets may vary significantly from historic and current point in time metrics.

Where data is incomplete, inaccurate or unavailable, there is a risk that the Investment Manager, or third party ESG research providers on which the Investment Manager may depend, may not interpret or apply the relevant ESG criteria correctly or that a Sub-Fund could have indirect exposure to issuers who do not meet the relevant ESG criteria used by that Sub-Fund. None of the Sub-Fund, the Manager, the Investment Manager or any of their affiliates makes any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any such ESG data and accordingly the way in which ESG criteria are implemented based on that data.

Data providers do not generally provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data they provide. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time. As such, errors may potentially result in a negative or positive performance impact to the relevant Sub-Funds and, by extension, impact their respective unitholders. Unitholders should understand that any gains resulting from such data providers' errors may be retained by each Sub-Fund and their respective unitholders as relevant and any losses resulting from such errors may be borne by that Sub-Fund and its respective unitholders as relevant. Additionally, if an error is identified and the composition of the relevant portfolio is consequently adjusted to correct such error, any transaction costs (including any capital gains tax and/or transaction taxes) and market exposure resulting from such adjustments will be borne by each Sub-Fund and its respective unitholders as relevant.

Change in ESG regulation and market practice

Sustainable investing is an evolving space, both in terms of industry and investor/consumer understanding but also the regulatory frameworks on both a regional and global basis (see also 'Legal and Regulatory Risk'). BlackRock continues to monitor developments in the UK's ongoing implementation of its ESG regulatory framework and is seeking to evolve its ESG criteria to ensure alignment as the regulatory environment changes. As a result, BlackRock may update the ESG criteria and sources of data used at any time in the future as market practice evolves or further regulatory guidance becomes available. Changes in the ESG criteria applied by the relevant Sub-Funds will be notified to unitholders where appropriate. Unitholders should note that changes in regulation and market practice may also affect the demand for products that apply ESG criteria including the relevant Sub-Funds.

Application of ESG criteria by underlying funds

Where the Investment Manager exercises its discretion to select collective investment schemes that apply or purport to apply ESG criteria or requirements, the Investment Manager, the Trustee, the Manager or the relevant third party ESG research provider, cannot guarantee the compatibility of investments made by such collective investment schemes with any relevant ESG criteria or requirements stated in the investment objectives and/or policies of such collective investment schemes. However, the Investment Manager seeks to minimise this risk through conducting ESG assessments of each collective investment scheme before it is deemed eligible for investment by a Sub-Fund.

Subject to the investment objective and investment policy of the relevant Sub-Fund (including the ESG criteria applied by the Investment Manager), where the Investment Manager is of a view that any such collective investment scheme has ceased to be appropriate for characterisation as an ESG investment, the relevant Sub-Fund may continue to hold such investment or divest from it in accordance with the investment policy of the relevant Sub-Fund.

Further, where an underlying fund applies ESG criteria or requirements, the risks set out in this section (Risks relating to the application of ESG criteria) may also be applicable to that underlying fund in which the relevant Sub-Fund invests.

(ii) Equity Securities

The value of equity securities fluctuates daily and a Sub-Fund investing in equities could incur significant losses. The prices of equities can be influenced by factors affecting the performance of the individual companies issuing the equities, as well as by daily stock market movements, and broader economic and political developments, including trends in economic growth, inflation and interest rates, corporate earnings reports, demographic trends and natural disasters.

(iii) 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 securities trade less frequently and in smaller volume.

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 the Units of a Sub-Fund.

(iv) Restrictions on Foreign Investments

Some countries prohibit or impose substantial restrictions on investments by foreign entities such as a Sub-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 an underlying fund. For example, an underlying 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 reregistered in the name of the underlying fund. Reregistration may in some instances not be able to occur on a timely basis, resulting in a delay during which an underlying fund may be denied certain of its rights as an investor, including rights to dividends or to be made aware of certain corporate actions. There also may be instances where a Sub-Fund places a purchase order but is subsequently informed, at the time of reregistration, that the permissible allocation to foreign investors has been filled, depriving the underlying fund of the ability to make its desired investment at the time.

Substantial limitations may exist in certain countries with respect to an underlying fund's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. A Sub-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 Sub-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 an underlying fund acquires shares in closed-end investment companies, Unitholders would bear both their proportionate share of expenses in the underlying fund (including management fees) and, indirectly, the expenses of such closed end investment companies.

(v) 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. Sub-Funds investing in equities 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 Sub-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 Sub-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 Sub-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 Sub-Funds concerned could suffer loss arising from these registration problems, and as a result of archaic legal systems a Sub-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 Sub-Funds.

(vi) Fixed-income Transferable Securities

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

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

The Sub-Funds may be affected by changes in prevailing interest rates and by credit quality considerations. Changes in market rates of interest will generally affect the Sub-Funds' 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, the Sub-Funds 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.

(vii) Sovereign Debt

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

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

(viii) Bank Corporate Bonds

Corporate bonds issued by a financial institution may be subject to the risk of a write down or conversion (i.e. "bail-in") by a relevant authority 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 relevant authorities exercising powers to rescue troubled banks by writing down or converting rights of their bondholders in order to absorb losses of, or recapitalise, such banks. Investors should be alerted to the fact that relevant 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. Relevant 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 financial institution is likely to result in a reduction in value of some or all of its bonds (and possibly other securities) and a Sub-Fund holding such securities when a bail-in occurs will also be similarly impacted.

(ix) Bond Downgrade/Sub-Investment Grade Bonds

Certain Sub-Funds will invest in investment grade bonds. However, where a bond is subsequently downgraded it may continue to be held in order to avoid a distressed sale. To the extent that a Sub-Fund holds sub-investment grade bonds, there will be an increased risk of default on repayment, which in turn translates into a risk that the capital value of the Sub-Fund will be affected. Investors should be aware that the yield or the capital value of the Sub-Fund (or both) could fluctuate.

(x) Distressed Securities

Investment in a security issued by a company that is either in default or in high risk of default ("Distressed Securities") involves significant risk. Such investments will only be made when the Investment Manager and believes it is reasonably likely that the issuer of the securities will make an exchange offer or will be the subject of a plan of reorganisation; however, there can be no assurance that such an exchange offer will be made or that such a plan of reorganisation will be adopted or that any securities or other assets received in connection with such an exchange offer or plan of reorganisation will not have a lower value or income potential than anticipated when the investment was made. In addition, a significant period of time may pass between the time at which the investment in Distressed Securities is made and the time that any such exchange, offer or plan of reorganisation is completed. During this period, it is unlikely that any interest payments on the Distressed Securities will be received, there will be significant uncertainty as to whether or not the exchange offer or plan of reorganisation will be completed, and there may be a requirement to bear certain expenses to protect the investing Sub-Fund's interest in the course of negotiations surrounding any potential exchange or plan of reorganisation. In addition, as a result of participation in negotiations with respect to any exchange offer or plan of reorganisation with respect to an issuer of Distressed Securities, the investing Sub-Fund may be precluded from disposing of such securities. Furthermore, constraints on investment decisions and actions with respect to Distressed Securities due to tax considerations may affect the return realised on the Distressed Securities.

Some Sub-Funds may invest in securities of issuers that are encountering a variety of financial or earnings problems and represent distinct types of risks. A Sub-Fund's investments in equity or fixed-income transferable securities of companies or institutions in weak financial condition may include issuers with substantial capital needs or negative net worth or issuers that are, have been or may become, involved in bankruptcy or reorganisation proceedings.

(xi) Geographic Concentration Risk

To the extent a Sub-Fund or the Benchmark Index of a Sub-Fund are significantly comprised of securities of issuers from a single country, the Sub-Fund may be adversely affected by the performance of those securities and would be more likely to be impacted by events or conditions affecting that country. For example, political and economic conditions and changes in regulatory, tax or economic policy in a country could significantly affect the market in that country and in surrounding or related countries and have a negative impact on the Sub-Fund's performance. Such Sub-Fund may be more susceptible to greater price volatility when compared to a more diverse fund. This could lead to a greater risk of loss to the value of your investment.

(xii) Index-Related Risks

As prescribed in this Prospectus, in order to meet its investment objective, BlackRock Charities UK Equity Index Fund will seek to achieve a return which corresponds generally to the price and yield performance before fees and expenses, of the relevant Benchmark Index, the FTSE All-Share Index, as published by the index provider. There is no assurance that the index provider will compile the Benchmark Index accurately, or that the Benchmark Index will be determined, composed or calculated accurately. While index providers do provide descriptions of what a Benchmark Index is designed to achieve, index providers do not generally provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their benchmark indices, nor any guarantee that the published indices will be in line with their described Benchmark Index methodologies.

The Investment Manager's mandate as described in this Prospectus, is to manage the BlackRock Charities UK Equity Index Fund consistently with the Benchmark Index. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, in particular where the indices are less commonly used. Therefore gains, losses or costs associated with index provider errors will be borne by the BlackRock Charities UK Equity Index Fund and its Unitholders. For example, during a period where the Benchmark Index contains incorrect constituents, BlackRock Charities UK Equity Index Fund would have market exposure to such constituents and would be underexposed to the Benchmark Index's other constituent. As such, errors may potentially result in a negative or positive performance impact to BlackRock Charities UK Equity Index Fund and, by extension, impact its Unitholders.

In addition, apart from scheduled rebalances, index providers may carry out additional ad hoc rebalances to their benchmark indices in order to, for example, correct an error in the selection of index constituents. Where the FTSE All-Share Index is rebalanced and BlackRock Charities UK Equity Index Fund in turn rebalances its portfolio to bring it in line with the FTSE All-Share Index, any transaction costs (including any capital gains tax and/or transaction taxes) and market exposure arising from such portfolio rebalancing will be borne by BlackRock Charities UK Equity Index Fund and, by extension, its Unitholders. Unscheduled rebalances to the FTSE All-Share Index may also expose BlackRock Charities UK Equity Index Fund to tracking error risk, which is the risk that its returns may not track exactly those of the FTSE All-Share Index. Therefore, errors and additional ad hoc rebalances carried out by the index provider to BlackRock Charities UK Equity Index Fund's Benchmark Index may increase the costs and market exposure risk of BlackRock Charities UK Equity Index Fund.

(xiii) Tracking Error

Tracking error is the annualised standard deviation of the difference in monthly returns between BlackRock Charities UK Equity Index Fund and the Benchmark Index. One of the primary drivers of tracking error is the difference between fund holdings and index constituents. Cash management and trading costs from rebalancing can also have an impact on tracking error as well as the return differential between BlackRock Charities UK Equity Index Fund and the Benchmark Index. The impact can be either positive or negative depending on the underlying circumstances.

Where BlackRock Charities UK Equity Index Fund tracks a Benchmark Index, the performance of BlackRock Charities UK Equity Index Fund, as compared to its relevant Benchmark Index, may be adversely affected in circumstances where assumptions about tax made by the relevant index provider in their index calculation methodology, differ to the actual tax treatment of the underlying securities in the Benchmark Index held within the underlying funds.

While BlackRock Charities UK Equity Index Fund seeks to track the performance of its Benchmark Index, through a replication strategy, there is no guarantee that it will achieve perfect tracking and BlackRock Charities UK Equity Index Fund is subject to tracking error risk, which is the risk that its return may not track exactly that of its respective Benchmark Index, from time to time. This tracking error may result from an inability to hold the exact constituents of the Benchmark Index, for example where there are local market trading restrictions, small illiquid components and/or where any other applicable regulations limit exposure to the constituents of the Benchmark Index.

Whilst BlackRock Charities UK Equity Index Fund and the Benchmark Index are priced at the same time (midday), a reported tracking error may be affected if the valuations do not take place on the same day. This may occur due to public or bank holidays not being aligned across different jurisdictions. If the Benchmark Index is valued on a day when BlackRock Charities UK Equity Index Fund does not produce a valuation, the tracking error of BlackRock Charities UK Equity Index Fund at its valuation point may appear to be higher than if BlackRock Charities UK Equity Index Fund and the Benchmark Index were priced on the same day.

BlackRock Charities UK Equity Index Fund may also have a tracking error due to withholding tax suffered by BlackRock Charities UK Equity Index Fund on any income received from its investments. The level and quantum of tracking error arising due to withholding taxes depends on various factors such as any reclaims filed by BlackRock Charities UK Equity Index Fund with various tax authorities, any benefits obtained by the Sub-Fund under a tax treaty or any securities lending activities carried out by BlackRock Charities UK Equity Index Fund.

BlackRock Charities UK Equity Index Fund's reported tracking error may be affected if the times at which BlackRock Charities UK Equity Index Fund and an underlying fund in which it invests are priced at different valuation points. For example, as BlackRock Charities UK Equity Index Fund is valued at midday, but an underlying fund may be valued at the time the relevant markets close for business, the tracking error of BlackRock Charities UK Equity Index Fund at its valuation point may appear to be higher than if BlackRock Charities UK Equity Index Fund and an underlying fund were priced at the same time.

(xiv) Investment in Other Collective Investment Schemes

Subject to the conditions set out in Annex K, the Sub-Funds may invest in the units of other collective investment schemes that are managed by the Manager or by an associate (as defined by the FCA) in which case no subscription or redemption fees may be charged to the Sub-Funds in accordance with the rules in the COLL Sourcebook. In addition, in relation to the other collective investment schemes managed by the Manager or by an associate (as defined by the FCA), either no annual management charge will be charged to the Sub-Funds or a full retrocession of the annual management charge shall be returned to the Sub-Funds. However, where a Sub-Fund invests in units of other collective investment schemes not managed by the Manager or by an associate (i.e. managed by a third party manager), it may be required to pay subscription or redemption fees and any other fees (including management fees).

(xv) MSCI ESG ratings risk

MSCI ESG ratings are generally based on a variety of third-party data sources and methodologies which take into account the extent to which MSCI believes ESG matters may be financially material to issuers. The objective of MSCI ESG ratings is to provide MSCI's opinion of companies' management of financially relevant ESG risks and opportunities. The ratings methodology takes into consideration the company's exposure to potentially material ESG risks, the quality of the company's management systems and governance structures to mitigate such risks, and where applicable, the company's positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution.

ESG ratings are relative scores and issuers are scored relative to industry peers. Each company is evaluated on a selection of environmental and social issues which are determined as relevant for a company based on the company's exposure to potentially material ESG risks and opportunities, which are driven by industry-specific and market-specific factors. Environmental and social issues will therefore vary between industries, and companies. All companies are evaluated on their corporate governance and corporate behaviours.

A favourable ESG rating for an issuer is not a guarantee of positive ESG performance and is no guarantee that an issuer will not have negative ESG controversies or impacts, nor is it an indication of a company's current or future financial performance. Whilst issuers with better ESG scores may show strong or improving management of financially material ESG risks, or show more resilience to disruptions from sustainability related events (such as other physical changes as a result of climate change) , these scores are not designed to reflect an absolute measure of the environmental or social performance or impact of a company or fund. ESG ratings methodologies may change over time, which could result in changes to the ratings of companies or funds.

(xv) Risk of Capital Erosion

Certain Sub-Funds and/or Unit classes may make distributions from capital as well as income or pursue certain investment strategies in order to generate income. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital and the potential for long-term capital growth.

28. TAXATION

The following summary is based on current law and practice, which is subject to change.

28.1 General Information

Unitholders should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, redeeming, converting or selling Units in a Sub-Fund. Unitholders should note that the levels and bases of, and relief from, taxation can change.

Income and gains derived from other jurisdictions may be subject to tax in those jurisdictions, depending on the local law as well as the double tax treaties in place with the UK. To the extent any part of a Sub-Fund's property is invested overseas, it may not be possible for the Manager to recover withholding tax.

The Trust is a registered Charity and is therefore exempt from tax on unfranked investment income and capital gains.

As long as it is applied for Charitable Purposes, any income received by Unitholders from the Sub-Funds will not be subject to UK tax and a Unitholder will be exempt from UK tax on chargeable gains on the disposal of the Units. No income tax will be deducted by the Sub-Funds from any income distributed.

The Trust, being a registered Charity, is exempt from UK stamp duty and stamp duty reserve tax on purchase of securities.

28.2 FATCA

The US-UK IGA was entered into with the intention of enabling the UK implementation of FATCA, which imposes a reporting regime and potentially a 30% withholding tax on 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 or certified deemed compliant. 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 not, however, expected that the Trust will constitute a Reporting Financial Institution, as the Trust is expected to be a certified deemed

compliant i.e. non-reporting FFI for these purposes. In the event that the Trust is not a certified deemed compliant i.e. non-reporting FFI for FATCA purposes, it is the Manager's intention to procure that the Trust is treated as complying with the terms of FATCA by complying with the terms of the reporting system contemplated by the US-UK IGA and implemented by UK regulations. No assurance can, however, be provided that the Trust would be able to comply with FATCA and, in the event that it is not able to do so, a 30% withholding tax may be imposed on payments it receives from (or which are attributable to) US sources or in respect of US assets, which may reduce the amounts available to it to make payments to its Unitholders. Reporting Financial Institutions are also required to provide certain information about their Jersey, Guernsey, Isle of Man and Gibraltar accountholders to HMRC (which information will in turn be provided to the relevant tax authorities) pursuant to 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), 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. It is expected that the Trust will constitute a Reporting Financial Institution for these purposes, although it is not anticipated that it will have any Jersey, Guernsey, Isle of Man or Gibraltar Unitholders about which information will need to be reported (although an annual nil return will still need to be made). Nonetheless, as the Trust is expected to constitute a Reporting Financial Institution, Unitholders in a Sub-Fund may be required to provide certain information to that Sub-Fund to comply with the terms of its due diligence obligations under the UK regulations.

The UK and 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, pursuant to which Reporting Financial Institutions are required to provide certain information to their local tax authorities about accountholders from the jurisdictions which are party to such arrangements (which information will in turn be provided to the relevant tax authorities). It is not currently expected that the Trust would constitute a Reporting Financial Institution for these purposes and in any case it is not anticipated that the Sub-Funds will, in practice, have any Unitholders about which information will need to be reported. Nonetheless, if the Trust does constitute a Reporting Financial Institution, Unitholders in the Sub-Fund may be required to provide certain information to the Trust to comply with the terms of its due diligence obligations under the rules.

In light of the above, Unitholders in a Sub-Fund may be required to provide certain information to that Sub-Fund to comply with the terms of the UK regulations.

28.3 **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[10] 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 Trust or its Sub-Funds in its consolidated financial statements ("Consolidated Financial Statements"), there is a risk that the Sub-Fund may become subject to Pillar Two tax.

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

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

[10] 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.

Sub-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 Sub-Fund and/or results in additional filing or compliance obligations for the Sub-Fund.

29. CHARGES

The current charges of each of the Sub-Funds are set out in detail below.

For the BlackRock Charities UK Bond Fund, BlackRock Charities UK Equity Fund, BlackRock Charities UK Equity ESG Fund[11], BlackRock Charities Growth & Income Fund, BlackRock Armed Forces Charities Growth & Income Fund and BlackRock Catholic Charities Growth & Income Fund, some or all of the charges and expenses listed in this section 29 of the Prospectus (as described below) are payable either from the capital or income of the relevant Sub-Fund. Any payments out of the capital of a Sub-Fund may constrain future capital growth.

29.1 Manager's Charges

The Manager charges an annual charge (the "**Annual Charge**") in respect of each of the Sub-Funds as detailed below:

(A) in respect of BlackRock Charities UK Bond Fund: 0.35% per annum of the net asset value of the Sub-Fund;

(B) in respect of BlackRock Charities UK Equity Fund: 0.50% per annum of the net asset value of the Sub-Fund;

(C) in respect of BlackRock Charities UK Equity ESG Fund[12]: 0.50% per annum of the net asset value of the Sub-Fund;

(D) in respect of BlackRock Charities UK Equity Index Fund, Class A Accumulation Units and Class A Income Units: not exceeding 0.075% per annum of the net asset value of the Sub-Fund;

(E) in respect of BlackRock Charities Growth & Income Fund, for Class A Accumulation Units and Class A Income Units, 0.45% per annum of the net asset value of the Sub-Fund on assets under management ("**AUM**") up to £200 million and 0.40% per annum of the net asset value of the Sub-Fund on the balance of AUM above £200 million; and for Class C Accumulation and Class C Income Units 0.40% per annum of the net asset value of the Sub-Fund

(F) in respect of the BlackRock Armed Forces Charities Growth & Income Fund Class A Accumulation Units and Class A Income Units, 0.40% per annum of the net asset value of the Sub-Fund on AUM up to £200 million and 0.35% per annum of the net asset value of the Sub-Fund on the balance of AUM above £200 million; and

(G) in respect of the BlackRock Catholic Charities Growth & Income Fund Class A Accumulation Units and Class A Income Units, 0.50% per annum of the net asset value of the Sub-Fund on AUM up to £200 million and 0.45% per annum of the net asset value of the Sub-Fund on the balance of AUM above £200 million.

For the avoidance of doubt, discounts to the Annual Charge (described in section 28.2 below) are applied after the calculation of the charges described above for each Fund.

No Annual Charge is paid in relation to Class X Accumulation Units and Class X Income Units in BlackRock Charities UK Equity Index Fund.

A preliminary charge of 5% is levied on the issue of Class C Accumulation Units and Class C Income Units of the BlackRock Charities Growth &Income Fund.

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

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

The Annual Charge for each Sub-Fund is reflected in the price of the relevant Sub-Fund and is calculated, and paid, monthly in arrears to the Manager.

The Manager may increase the current Annual Charge (so long as it does not exceed a maximum of 2% per annum of the net asset value of the relevant Sub-Fund) if:

(A) the Manager has given notice in writing to the Trustee and to the Unitholders of its intention to increase the Annual Charge;

(B) the Prospectus has been revised subject to the prior written approval of the FCA and of the Commission to reflect the proposed increase in that amount or the introduction of a charge;

(C) 60 days have elapsed since the revised Prospectus became available; and

(D) the Commission has given its prior written approval.

For the avoidance of doubt, where an Advisory Committee is appointed in respect of a Sub-Fund and such Advisory Committee is consulted with respect to a proposal to increase the Annual Charge in accordance with the Deed and this Prospectus, the prior written approval of the Commission shall not be required.

The Manager's remuneration includes transaction fees, reports and valuations but excludes legal fees, audit fees, Trustee's remuneration and expenses.

The Manager may also pay, out of its remuneration, the investment management fee and the custody charges.

The Annual Service Charge (previously named the "Registrar's Charge") is payable to the Manager and charged to the relevant Sub-Fund. The Annual Service Charge covers non-portfolio management related costs incurred and/or paid by the Manager in servicing unitholders in a Sub-Fund (e.g. transfer agency and administration costs) and is applied at a fixed rate or calculated as a percentage of the average of the issue and cancellation valuation of a Sub-Fund in respect of each Class of units as set out in Appendix 1. 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 Sub-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 Sub-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 Sub-Fund.

As at the date of this Prospectus, none of the Sub-Funds charge an Annual Service Charge.

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

For all Sub-Funds excluding BlackRock Charities UK Equity Index Fund and the BlackRock Catholic Charities Growth & Income Fund: the Manager may also, at its discretion and subject to FCA Rules, pay rebates to investors out of the Annual Charge in respect of any holding of Units.

For BlackRock Charities UK Equity Index Fund: the Manager is entitled, at its sole discretion, to determine to make a rebate payment to any investor (including discounts on charges to directors and employees of the Manager and its affiliates in the BlackRock Group) or distributors, authorised intermediaries or agents in respect of any Manager fees charged in respect of any subscriptions for, redemption or holdings of Units.

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.

The Investment Manager has and will continue to enter into client agreements with investors who make or may make substantial contributions across funds managed by the BlackRock Group and other strategic investors. The client agreements,

which are subject to applicable law and are made without notice to other Unitholders, may have the effect of waiving, amending or modifying the fees to which a Unitholder is subject or imposing different fees or performance-based allocations or compensation on a Unitholder (including by means of a rebate). In addition, these investors, and those that demonstrate a relevant regulatory requirement, may receive certain Sub-Fund level information on an accelerated basis. As a result, the terms and conditions of any given Unitholder's investments in a Sub-Fund may differ to those of other Unitholders.

With effect from 6 October 2023, the Manager will apply discounts to the Annual Charge for certain Sub-Funds and Unit classes when the relevant Sub-Fund reaches a specified size. By way of summary, this means that the Annual Charge payable to the Manager will be charged at different rates across different tiers of the Sub-Fund's overall net asset value. 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 Sub-Fund (i.e. when a Sub-Fund increases significantly in size). The discounts to the Annual Charge are based on the net asset value of a Sub-Fund. The Sub-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 Charge' section below.

29.2 **Discounts to the Annual Charge**

With effect from 6 October 2023, for certain Sub-Funds and Unit classes, the Manager will apply discounts to the Annual Charge charged to the Sub-Funds as detailed in the tables in Appendix 1 where the relevant Sub-Fund reaches a certain size.

The discounts to the Annual Charge that apply for a Sub-Fund are based on the size of the Sub-Fund, as measured by its total net asset value. The discounts are applied in tiers with the rates determined by the proportion of the applicable Sub-Fund's total net asset value 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 Charge. This means that only the proportion of the Sub-Fund's net asset value that falls within each particular tier receives the applicable discount for that tier.

For the avoidance of doubt, for any Unit classes in the Sub-Funds which have an Annual Charge of "nil", no discount is applied to these Unit classes.

Numerical example

The Fund has the following discount schedule:

Fund Net Asset Value (NAV) From	**Fund NAV To**	**Incremental Discount to the Annual Charge (%)**
£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 net asset value of £4,000,000,000 and 2 classes of Units per the below:

	Class 1	**Class 2**	**Total**
Net asset value	£2,500,000,000	£1,500,000,000	£4,000,000,000
Annual Charge (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 Charge (before discount) is applied.
- £1,000,000,000 where a 7% incremental discount to the Annual 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 Net asset value (£)	**Portion of Net asset Value (%)**	**Incremental Discount to the Annual Charge (%)**	**Weighted Incremental Discount to the Annual Charge (%)**
£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 Annual Charge (%):			**4.25%**

The resultant discounted Annual Charge and saving for each class is:

	Class 1	Class 2
Annual Charge (before discount)	1.0000%	0.7500%
Annual Charge (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 Charge are calculated daily in line with the calculation of the Annual Charge and the overall saving experienced will reflect the daily change in NAV of the Sub-Fund over the daily accrual period.

Please note that a decline in the Sub-Fund's net asset value could result in a reduction or removal of the discount applied. If the Fund's net asset value 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 net asset value ranges at which discounts apply or the discount applied for any given net asset value 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 Sub-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.

29.3 **Trustee & Depositary Charges**

The remuneration of the Trustee is payable out of the property of the Sub-Funds and consists of a periodic charge of:

(A) in respect of BlackRock Charities UK Bond Fund: 0.011% per annum of the value of the Sub-Funds' property;

(B) in respect of BlackRock Charities UK Equity Fund: 0.011% per annum of the value of the Sub-Funds' property;

(C) in respect of BlackRock Charities UK Equity ESG Fund[13]: 0.011% per annum of the value of the Sub-Funds' property;

(D) in respect of BlackRock Charities UK Equity Index Fund: 0.008% per annum of the value of the Sub-Funds' property;

(E) in respect of BlackRock Charities Growth & Income Fund: 0.011% per annum of the value of the Sub-Funds' property;

(F) in respect of the BlackRock Armed Forces Charities Growth & Income Fund 0.011 per annum of the value of the Sub-Fund's property; and

(G) in respect of the BlackRock Catholic Charities Growth & Income Fund 0.011 per annum of the value of the Sub-Fund's property.

The Trustee's periodic charge is calculated, will accrue, and is due monthly in advance and is payable within seven days of accrual along with certain service charges.

For the purpose of calculating the Trustee's periodic charge, the value of the property of the Sub-Funds is taken as the arithmetic average of the valuations of the Sub-Funds carried out on a bid and offer basis at the last month end before the date on which the monthly payment in question becomes due.

The Trustee may increase the current periodic charge (so long as it does not exceed a maximum of 0.20% of the value of the Sub-Funds' property) if:

(A) the Trustee has given notice in writing to the Manager and to the Unitholders of its intention to increase the amount currently charged by way of periodic charge;

(B) the Prospectus has been revised subject to the prior written approval of the FCA and of the Commission to reflect the proposed increase in that amount;

(C) 60 days have elapsed since the revised Prospectus became available; and

(D) the Commission has given its prior written approval.

For the avoidance of doubt, where an Advisory Committee is appointed in respect of a Sub-Fund and such Advisory Committee is consulted with respect to a proposal to increase the Trustee's Charge in accordance with the Deed and this Prospectus, the prior written approval of the Commission shall not be required.

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

The custodial charges vary according to the location of the securities held, however the annual fees normally range, per annum, from 0.0024% (typically for UK securities) to 0.45% (for securities in certain emerging market countries) of the value of a Sub-Fund's property held in custody, and the transaction fees normally range from £3 to £80 per transaction. Such fees are subject to any value added tax payable thereon.

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.

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

Where relevant, the Trustee (or its delegate) may make a charge for any additional services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in securities lending transactions, in relation to the relevant Sub-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 any reasonable costs and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Deed, the COLL Sourcebook or by the general law.

On winding up of the Trust or termination of the relevant Sub-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 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.

29.4 **Research Fees**

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

29.5 **Remuneration of Auditors and Legal Advisers**

The remuneration of the Auditors for the audit of the Trust, calculated on a time spent basis (plus value added tax), is charged separately to the property of the Trust.

The remuneration of the legal advisers to the Trust, calculated on a time spent basis (plus value added tax), is charged separately to the property of the Trust.

29.6 **Other Expenses**

The following other expenses are (where applicable) also payable out of the property of the relevant Sub-Fund:

(A) other costs of dealing in the property of a Sub-Fund;

(B) interest on permitted borrowing and related charges;

(C) taxation and duties in respect of property of a Sub-Fund, the Deed or the issue of Units;

(D) any costs incurred in modifying the Deed or the Prospectus, including costs incurred in respect of meetings of Unitholders convened for purposes which include the purpose of modifying the Prospectus, where the modification is necessary or expedient by reason of changes in the law or to remove obsolete provisions;

(E) 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;

(F) the expenses or disbursements of the Trustee in respect of:

(1) delivery of stock to the Trustee or its delegate;

(2) collection and distribution of income;

(3) submission of tax returns;

(4) handling tax claims;

(5) preparation of the Trustee's annual report;

(6) such other duties as the Trustee is required by law to perform;

(G) any sums due or payable by virtue of any provisions of applicable law and regulations;

(H) unanticipated liabilities on unitisation, amalgamation 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 a Sub-Fund to shareholders in that body or to participants in that other scheme;

(I) the costs of preparation and distribution of reports, accounts, any prospectuses, KID (in the case of the KID 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 the Trust;

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

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

(L) the fees, expenses and disbursements of any person incurred in maintaining the Register; and

(M) such other expenses properly incurred by the Trustee in performing duties imposed upon it or exercising powers conferred upon it by the Deed.

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

30. CONFLICTS OF INTEREST

The Manager and the Trustee are both charity trustees ("Charity Trustees") for the purposes of section 177 Charities Act 2011. The Charity Trustees shall always act in accordance with Charities Law and associated guidance produced by the Commission in relation to their duties as Charity Trustees in respect of the Trust. Nothing in this Prospectus will exclude or limit their duties or obligations as Charity Trustees of the Trust or under any other applicable laws and guidance.

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

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

30.1 Conflicts of Interest within the BlackRock Group

PA Dealing

BlackRock Group employees may be exposed to clients' investment information while also being able to trade through personal accounts. There is a risk that, if an employee could place a trade of sufficient size, this would affect the value of a client's transaction. BlackRock Group has implemented a Personal Trading Policy designed to ensure that employee trading is pre-approved.

Employee Relationships

BlackRock Group employees may have relationships with the employees of BlackRock's clients or with other individuals whose interests conflict with those of a client. Such an employee's relationship could influence the employee's decision-

making at the expense of clients' interests. BlackRock Group has a Conflicts of Interest Policy under which employees must declare all potential conflicts.

Significant Shareholder – PNC

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

30.2 **Conflicts of interest of the Manager**

Provider Aladdin

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

Distribution Relationships

The Principal Distributer may pay third parties for distribution and related services. Such payments could incentivise third parties to promote the Sub-Funds 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 Sub-Funds. There is a risk that other clients of the Sub-Funds bear the costs of those joining and leaving. BlackRock Group has policies and procedures in place to protect investors from the actions of others including anti-dilution controls.

30.3 **Conflicts of interest of the Investment Manager**

Commissions & Research

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

Timing of Competing Orders

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

Concurrent Long and Short Positions

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

Cross Trading - Pricing Conflict

When handling multiple orders for the same security, BlackRock may execute a client's order to buy the security by matching it with another client's order to sell the same security, a practice known as 'crossing'. When crossing orders, there is a risk that the execution may not be performed in the best interests of both clients; for example, in the event that the price at which a trade was executed did not constitute a fair and reasonable price. BlackRock manages this risk by implementing a Global Crossing Policy, which sets out – among other things – the methodology for pricing 'cross' trades.

MNPI

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

BlackRock's Investment Constraints or Limitations and its Related Parties

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

Investment in Related Party Products

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

Investment Allocation and Order Priority

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

Fund Look Through

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

Side-by-Side Management: Performance fee

The Investment Manager manages multiple client accounts with differing fee structures. There is a risk that such differences lead to inconsistent performance 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.

31. FAIR TREATMENT

The detailed rights and obligations of the Trustee, Manager and Unitholders of a Sub-Fund are set out in the Deed. The Manager ensures that the Deed is made available for review by each Unitholder as set out in section 36 of this Prospectus such that each Unitholder is informed about its rights and obligations under that document. The Manager seeks to ensure fair treatment of all Unitholders in a Sub-Fund by complying with the terms of the Deed and applicable law.

32. CHANGES TO THE TRUST AND THE SUB-FUNDS AND MEETINGS OF UNITHOLDERS

Changes to the Trust and/or to any Sub-Fund may be made in accordance with the method of classification described in paragraphs 32.1, 32.2 and 32.3.

32.1 Fundamental Change

A fundamental change is a change or event which:

(A) changes the purpose or nature of the Trust and/or Sub-Fund; or

(B) may materially prejudice a Unitholder; or

(C) alters the risk profile of the Trust and/or Sub-Fund; or

(D) introduces any new type of payment out of Trust and/or Sub-Fund property.

The Manager will obtain prior approval from the relevant Unitholders to any fundamental change by way of an extraordinary resolution of the Unitholders of the Trust and/or relevant Sub-Fund. See below for details of calling a meeting of Unitholders.

32.2 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:

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

(B) would reasonably be expected to cause a Unitholder to reconsider his participation in the relevant Sub-Fund; or

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

(D) materially increases other types of payment out of Sub-Fund property.

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

32.3 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 the Trust and/or Sub-Fund.

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

(A) sending an immediate notification to the relevant Unitholders; or

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

(C) including it in the next report for the Trust and/or Sub-Fund.

32.4 Notice

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

32.5 **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 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 Sub-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.

33. **WINDING UP AND TERMINATION**

The Trust 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 and 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 Sub-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 Sub-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 the Trust falls to be wound up, to realise the property of the Trust and, after paying out of Trust or retaining adequate provision for all liabilities properly so payable and retaining provision for the costs of the winding up, to distribute the proceeds of that realisation to the Unitholders (upon production by them of such evidence as the Trustee may reasonably require as to their entitlement) proportionately to their respective interests in the Trust 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 the Trust (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 the Trust is to be wound up in accordance with an approved scheme of arrangement, the Trustee is required to wind up the Trust 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.

Any Sub-Fund shall be terminated subject to and in accordance with the FCA Rules by the Manager in its absolute discretion if the Manager decides that it is desirable to terminate the Sub-Fund.

34. INCOME EQUALISATION AND INCOME RESERVE ACCOUNT

Income Reserve Account

The Manager and Trustee may establish an Income Reserve Account in respect of a Sub-Fund. For the sole purpose of avoiding fluctuations in the income available for distribution or allocation for the annual accounting period in accordance with the Deed, the Manager may instruct the Trustee to transfer to the Income Reserve Account up to 15% of the income available for distribution or allocation.

Any income retained in the Income Reserve Account remains part of the income property of a Sub-Fund but is not available for allocation or distribution.

Any interest earned by placing on deposit or otherwise investing money standing to the credit of the Income Reserve Account shall be treated as income of the Sub-Fund and dealt with accordingly at the end of the annual accounting period during which it was received.

The Manager may instruct the Trustee at any time to transfer income standing to the credit of the Income Reserve Account into the income account in which case any amount so transferred shall be treated as income available for allocation or distribution at the next annual income Allocation Date. Any interest or other amounts earned on the income in the Income Reserve Account shall be treated as income due to the relevant Sub-Fund.

Income Equalisation

An allocation of income (whether annual or interim) may be made in respect of each Unit issued or sold during the accounting period in respect of which that income allocation is made and shall be of the same amount as the allocation to be made in respect of the other Units of the same class issued in respect of a Sub-Fund but shall include a capital sum ("income equalisation") representing the Manager's best estimate of the amount of income included in the price of that Unit and calculated as set out below.

The amount of income equalisation in respect of any Unit shall be either:

(A) the actual amount of income included in the issue price of that Unit; or

(B) an amount arrived at by taking the aggregate of the amounts of income included in the price in respect of Units of the same class issued or sold in the annual or interim accounting period in question and dividing that aggregate amount by the number of such Units and applying the resultant average to each of the Units in question.

The Manager may not allow a payment that has been allocated to income property in the first instance to be made from the capital account if that payment could be met, in whole or in part, by transferring income from the Income Reserve Account to the income account.

35. ALLOCATION OF INCOME

Any income available for distribution is determined in accordance with the FCA Rules 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 applicable Sub-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 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 Sub-Fund, whether such income should exclude premiums and discounts arising on the purchase of bonds attributed through the Effective Interest Rate method.

Each Sub-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 Sub-Fund are set out in the relevant Annex.

In relation to Accumulation Units, any available income will become part of the capital property of a Sub-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 Sub-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 Sub-Fund. If an income Allocation Date is not a Business Day, the allocation will be made on the next Business Day.

36. ADDITIONAL INFORMATION

(a) The Manager reserves the right to reject any application in whole or in part. A purchase or sale of Units in writing is a legally binding contract (see section 12 above for more information about the nature of a Unitholder's contract for investment). Cancellation rights do not apply to investments in the Sub-Funds.

(b) Any person relying on the information contained in this Prospectus, which were 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.

(c) Six-monthly reports on the progress of each Sub-Fund will be made available to Unitholders upon request. These reports include a list of each Sub-Fund's holdings of securities.

(d) Complaints may be made about the operation of any of the Sub-Funds or any aspect of the service received to the Client Services team of the Manager by writing to BlackRock, PO Box 545, Darlington, DL1 9TQ or by emailing enquiry@ukclientservices.blackrock.com. If Unitholders are not satisfied with the way the Manager handles a complaint, Unitholders may follow up their complaint with the Financial Ombudsman Service, Exchange Tower, London E14 9SR. (or visit the website at financial-ombudsman.org.uk). Tel: 0800 023 4567 or 0300 123 9123. Email: complaint.info@financial-ombudsman.org.uk. Making a complaint will not prejudice a Unitholder's right to take legal action. Written details of the Manager's complaints procedure are available from the Manager upon request.

(e) 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% 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 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.

(f) Copies of the most recent annual reports, interim reports, the KID and the Deed may be inspected at the Manager's registered office during normal business hours. Copies of the Deed may be obtained from the Manager at its registered office free of charge.

(g) Data Protection

Prospective investors and investors are referred to the privacy notice of the Manager which is provided in the Account Opening Form (the "**Privacy Notice**").

Unitholders' personal details will be held by the Manager for the purposes of carrying out its agreement with Unitholders. This may include the transfer of such data (i) to other members of the BlackRock Group or to The Bank of New York Mellon (International) Limited and its affiliates and (ii) to other businesses (including their offices outside the UK) where the transfer is necessary for the provision of services in relation to any of the BlackRock Group's investment products or services. The Privacy Notice explains, among other things, how the Manager

processes personal data (within the meaning of GDPR, "personal data") about individuals who invest in the Trust or apply to invest in the Trust 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.

Unitholders have the right to access their personal data processed by BlackRock together with the right to object to the processing of such data for legitimate reasons. Information regarding BlackRock's data protection policies is available upon request.

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.

(h) Subject to obtaining the approval of any competent regulatory authorities the Manager may make arrangements to manage the whole or any part of the assets of each Sub-Fund in parallel with those of other funds or clients of the BlackRock Group which have similar investment objectives and policies, so that each fund/client's portfolio comprises the same investments in similar proportions and acquisitions and disposals of investments for each fund/client's portfolio will be made at the same times on an aggregated basis. Subject again to obtaining the necessary approvals the arrangements entered into may involve transactions in investments between any of the Sub-Funds and/or the other funds or clients concerned, on an arms' length basis, so as to ensure that the balance of investments in each of the Sub-Fund's/client's portfolios comprises the same investments in appropriate proportions notwithstanding additions to or withdrawals from a portfolio (for example where Units of a Sub-Fund are created or cancelled).

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

(j) *MSCI*

The Manager and the Investment Manager will use a screening service provider which they deem from time to time appropriate in order to seek to screen for companies whose activities are not compatible with a Sub-Fund's investment policy in relation to its direct investments. As disclosed in section 27 of this Prospectus, the Manager and the Investment Manager have no means of verifying whether the investments of an underlying fund are in compliance with a Sub-Fund's ESG criteria at any given time.

As at the date of this Prospectus, the Manager and the Investment Manager use MSCI Inc. ("**MSCI**").

MSCI is a leading source of environmental, social and governance (together "**ESG**") ratings, screening and compliance tools to advisers, managers and asset owners worldwide. Its products and services are used by investors to integrate ESG factors into their investment processes. MSCI is the successor of sustainability pioneers KLD, Innovest and IRRC, which were acquired through MSCI's acquisition of RiskMetrics. ESG ratings, data and analysis from MSCI are also used in the construction of the MSCI ESG indices.

(k) Further details of each Sub-Fund are provided in Annexes A, B, C, D, E, F and G.

(l) Under the AIFMD, the Manager must periodically disclose to Unitholders certain information in relation to the Sub-Funds. This includes providing disclosure on each Sub-Fund's risk profile, which, as prescribed in the AIFMD, shall outline: (i) the measures used to assess the sensitivity of a Sub-Fund's portfolio to the most relevant risks to which that Sub-Fund is or could be exposed; and (ii) if risk limits set by the Manager have been or are likely to be exceeded and, where these risk limits have been exceeded, a description of the circumstances and the remedial measures taken. The Manager intends to comply with its periodic disclosure requirements in the manner set out below.

(i) The following information will be made available to Unitholders, as a minimum, as part of a Sub-Fund's annual report:

(1) the percentage of a Sub-Fund's assets which are subject to special arrangements arising from their illiquid nature;

(2) the current risk profile of a Sub-Fund and the risk management systems employed by the Manager to manage those risks; and

(3) the total amount of leverage employed by a Sub-Fund.

(ii) Unitholders will also be provided with information regarding changes to (i) the maximum level of leverage which a Sub-Fund, or the Manager on that Sub-Fund's behalf, may employ; or (ii) the rights of re-use of collateral under a Sub-Fund's leveraging arrangements; or (iii) any guarantee granted under a Sub-Fund's leveraging arrangements. This information will be made available to Unitholders, without undue delay following the occurrence of that change, usually by way of update to this Prospectus. Where required, such change will be preceded by notification to Unitholders.

(iii) It is intended that Unitholders will be notified immediately if a Sub-Fund uses its powers of deferral in relation to redemption requests, activates similar liquidity management arrangements, or if the Manager decides to suspend redemptions. Unitholders will also be notified whenever the Manager makes material changes to liquidity management systems and procedures employed in respect of a Sub-Fund.

37. INDEX DISCLAIMER

Neither the Trust nor BlackRock Charities UK Equity Index Fund is in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("**FTSE**") the London Stock Exchange Group companies ("**LSEG**") (together the "**Licensor Parties**") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to: (i) the results to be obtained from the use of the FTSE All-Share Index (the "**Index**") (upon which BlackRock Charities UK Equity Index Fund is based); (ii) the figure at which the Index is said to stand at any particular time on any particular day or otherwise; or (iii) the suitability of the Index for the purpose to which it is being put in connection with BlackRock Charities UK Equity Index Fund. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Index to BlackRock Group or to its clients. The Index is calculated by FTSE or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Index or (b) under any obligation to advise any person of any error therein.

All rights in the Index vest in FTSE. "FTSE®" is a trademark of LSEG and is used by FTSE under licence.

38. THE SECURITIES FINANCING TRANSACTIONS REGULATION

The Manager is subject to the provisions of the SFTR. BlackRock Charities UK Bond Fund, BlackRock Charities UK Equity Fund, BlackRock Charities UK Equity ESG Fund[14], BlackRock Charities UK Equity Index Fund and BlackRock Charities Growth & Income Fund may (subject to the relevant investment policy) use total return swaps ("TRS") and securities financing transactions ("SFTs") to help meet their respective investment objectives 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.

38.1 BlackRock Charities UK Bond Fund

Securities Lending

The maximum proportion of net asset value that can be subject to securities lending is 0%. The demand to borrow securities is a significant driver for the amount that is lent from a fund. Borrowing demand fluctuates over time and depends to a large extent on market factors that cannot be forecasted precisely. Based on historical data, lending volumes for funds invested in aggregate fixed-income, such as the Fund, typically range between 0% and 0% of the relevant fund's net asset value, though past levels are no guarantee of future levels.

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

Repos and reverse repos

The maximum proportion of net asset value that can be subject to repurchase transactions is 0%. The expected proportion of net asset value that will be subject to repurchase transactions is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

TRS and CFDs

The maximum proportion of net asset value that can be subject to TRS and CFDs is 10%. The expected proportion of net asset value that will be subject to TRS and CFDs is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

Margin Lending

The maximum proportion of net asset value that can be subject to margin lending is 0%. The expected proportion of net asset value that will be subject to margin lending is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

38.2 **BlackRock Charities UK Equity Fund**

Securities Lending

The maximum proportion of net asset value that can be subject to securities lending is 0%. The demand to borrow securities is a significant driver for the amount that is lent from a fund. Borrowing demand fluctuates over time and depends to a large extent on market factors that cannot be forecasted precisely. Based on historical data, lending volumes for funds invested in developed-market equities, such as the Sub-Fund, typically range between 0% and 0% of the relevant fund's net asset value, though past levels are no guarantee of future levels.

Repos and reverse repos

The maximum proportion of net asset value that can be subject to repurchase transactions is 0%. The expected proportion of net asset value that will be subject to repurchase transactions is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

TRS and CFDs

The maximum proportion of net asset value that can be subject to TRS and CFDs is 50%. The expected proportion of net asset value that will be subject to TRS and CFDs is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

Margin Lending

The maximum proportion of net asset value that can be subject to margin lending is 0%. The expected proportion of net asset value that will be subject to margin lending is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

38.3 **BlackRock Charities UK Equity ESG Fund**[15]

Securities Lending

The maximum proportion of net asset value that can be subject to securities lending is 0%. The demand to borrow securities is a significant driver for the amount that is lent from a fund. Borrowing demand fluctuates over time and depends to a large extent on market factors that cannot be forecasted precisely. Based on historical data, lending volumes for funds invested in developed-market equities, such as the Sub-Fund, typically range between 0% and 0% of the relevant fund's net asset value, though past levels are no guarantee of future levels.

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

Repos and reverse repos

The maximum proportion of net asset value that can be subject to repurchase transactions is 0%. The expected proportion of net asset value that will be subject to repurchase transactions is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

TRS and CFDs

The maximum proportion of net asset value that can be subject to TRS and CFDs is 50%. The expected proportion of net asset value that will be subject to TRS and CFDs is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

Margin Lending

The maximum proportion of net asset value that can be subject to margin lending is 0%. The expected proportion of net asset value that will be subject to margin lending is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

38.4 **BlackRock Charities UK Equity Index Fund**

Securities Lending

The maximum proportion of net asset value that can be subject to securities lending is 0%. The demand to borrow securities is a significant driver for the amount that is lent from a fund. Borrowing demand fluctuates over time and depends to a large extent on market factors that cannot be forecasted precisely. Based on historical data, lending volumes for funds invested in developed-market equities such as the Sub-Fund, typically range between 0% and 0% of the relevant fund's net asset value, though past levels are no guarantee of future levels.

Repos and reverse repos

The maximum proportion of net asset value that can be subject to repurchase transactions is 0%. The expected proportion of net asset value that will be subject to repurchase transactions is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

TRS and CFDs

The maximum proportion of net asset value that can be subject to TRS and CFDs is 50%. The expected proportion of net asset value that will be subject to TRS and CFDs is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

Margin Lending

The maximum proportion of net asset value that can be subject to margin lending is 0%. The expected proportion of net asset value that will be subject to margin lending is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

38.5 **BlackRock Charities Growth & Income Fund**

Securities Lending

The maximum proportion of net asset value that can be subject to securities lending is 0% The demand to borrow securities is a significant driver for the amount that is lent from a fund. Borrowing demand fluctuates over time and depends to a large extent on market factors that cannot be forecasted precisely. Based on historical data, lending volumes for funds invested in multi-asset strategies, such as the Sub-Fund, typically range between 0% and 0% of the relevant fund's net asset value, though past levels are no guarantee of future levels.

Repos and reverse repos

The maximum proportion of net asset value that can be subject to repurchase transactions is 0%. The expected proportion of net asset value that will be subject to repurchase transactions is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

TRS and CFDs

The maximum proportion of net asset value that can be subject to TRS and CFDs is 50%. The expected proportion of net asset value that will be subject to TRS and CFDs is up to 10%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

Margin Lending

The maximum proportion of net asset value that can be subject to margin lending is 0%. The expected proportion of net asset value that will be subject to margin lending is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

38.6 **BlackRock Armed Forces Charities Growth & Income Fund**

Securities Lending

The maximum proportion of net asset value that can be subject to securities lending is 0% The demand to borrow securities is a significant driver for the amount that is lent from a fund. Borrowing demand fluctuates over time and depends to a large extent on market factors that cannot be forecasted precisely. Based on historical data, lending volumes for funds invested in multi-asset strategies, such as the Sub-Fund, typically range between 0% and 0% of the relevant fund's net asset value, though past levels are no guarantee of future levels.

Repos and reverse repos

The maximum proportion of net asset value that can be subject to repurchase transactions is 0%. The expected proportion of net asset value that will be subject to repurchase transactions is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

TRS and CFDs

The maximum proportion of net asset value that can be subject to TRS and CFDs is 50%. The expected proportion of net asset value that will be subject to TRS and CFDs is up to 10%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

Margin Lending

The maximum proportion of net asset value that can be subject to margin lending is 0%. The expected proportion of net asset value that will be subject to margin lending is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

38.7 **BlackRock Catholic Charities Growth & Income Fund**

Securities Lending

The maximum proportion of net asset value that can be subject to securities lending is 0% The demand to borrow securities is a significant driver for the amount that is lent from a fund. Borrowing demand fluctuates over time and depends to a large extent on market factors that cannot be forecasted precisely. Based on historical data, lending volumes for funds invested in multi-asset strategies, such as the Sub-Fund, typically range between 0% and 0% of the relevant fund's net asset value, though past levels are no guarantee of future levels.

Repos and reverse repos

The maximum proportion of net asset value that can be subject to repurchase transactions is 0%. The expected proportion of net asset value that will be subject to repurchase transactions is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

TRS and CFDs

The maximum proportion of net asset value that can be subject to TRS and CFDs is 50%. The expected proportion of net asset value that will be subject to TRS and CFDs is up to 10%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

Margin Lending

The maximum proportion of net asset value that can be subject to margin lending is 0%. The expected proportion of net asset value that will be subject to margin lending is up to 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

38.8 **Counterparties**

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.

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 creditworthiness 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 ongoing 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:

(A) ability to execute and execution quality;

(B) ability to provide Liquidity/capital;

(C) price and quote speed;

(D) operational quality and efficiency; and

(E) adherence to regulatory reporting obligations.

38.9 **Acceptable Collateral and valuation**

(a) Collateral obtained in respect of derivatives (including forward exchange) and efficient portfolio management techniques ("**Collateral**"), must comply with the following criteria:

(1) 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;

(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;

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

(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;

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

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

(7) asset types: The types of collateral that can be held are specified in paragraph 19 of Appendix K.

(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.

(c) Where there is title transfer, the Collateral received should be held by the Depositary, or its agent.

Subject to fees payable to the securities lending agent as set out in section 28, any revenues from repurchase and reverse repurchase agreements and TRS not received directly by the relevant Sub-Fund will be returned to the relevant Sub-Fund. Any such revenues will be returned, net of any direct and indirect operational costs and fees incurred.

The assets of a Sub-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 Sub-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.

39. **THE BENCHMARK REGULATION**

In respect of any Sub-Fund that tracks a benchmark index, is managed by reference to a benchmark index or uses a benchmark index to compute a performance fee (in each case a "Relevant Benchmark Index"), the Manager has in place and maintains robust written plans setting out the actions that it would take in the event that such Relevant 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 Relevant Benchmark Index, the Manager will assess the impact of a material change to the Relevant Benchmark Index on the relevant Sub-Fund and, where it determines appropriate or in the event of the cessation of a Relevant Benchmark Index, consider substituting another index for the Relevant Benchmark Index. Prior unitholder approval will be sought in advance where a change of the Relevant Benchmark Index constitutes a change to the investment objective and/or a material change to the investment policy of a Sub-Fund. Where the Manager is unable to substitute another index for the

Relevant Benchmark Index, the directors of the Manager may resolve to seek the winding up of the Sub-Fund to the extent reasonable and practicable.

APPENDIX 1

Details, Investment objectives, investment policies and fund benchmark of each Sub-Fund

Annexes A to G each set out a description of a Sub-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 Sub-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 Sub-Fund is managed and to assess Sub-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 Sub-Fund are set out in Annex K.

ANNEX A: BLACKROCK CHARITIES UK BOND FUND

BlackRock Charities UK Bond Fund is a sub-fund of BlackRock Charities Funds, a Non-UCITS Retail Scheme under the COLL Sourcebook. The Sub-Fund was established on 1 April 2019 and was authorised by the FCA on 1 April 2019. The Sub-Fund's FCA product reference number is 839485.

Investment Objective

The aim of the Sub-Fund is to provide a return on your investment, generated through income paid out by assets held by the Sub-Fund

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

Investment Policy

In seeking to achieve its investment objective, the Sub-Fund will invest at least 80% of its total assets in a range of Sterling denominated investment grade (i.e. meeting a specified level of credit worthiness) fixed-income securities (i.e. bonds) issued by governments, government agencies, companies and supranationals (e.g. the International Bank for Reconstruction and Development) and fixed-income related investments (i.e. other investments whose value is related to fixed-income securities). The Sub-Fund may also invest in a full range of available fixed-income securities without geographical restriction, including non-Sterling denominated fixed-income securities, investment grade and non-investment grade (i.e. securities which have a relatively low credit rating or which are unrated) fixed-income securities.

Where the Sub-Fund invests in assets denominated in a currency other than Sterling, the Investment Manager may use derivatives (i.e. investments the prices of which are based on one or more underlying assets) to reduce the effect of fluctuations in the exchange rate between that other currency and Sterling.

In seeking to achieve its investment objective and/or for liquidity purposes the Sub-Fund may also invest in other asset classes. These other asset classes include investment in equity securities (i.e. shares of companies), collective investment schemes (i.e. other investment funds which may be Associated Funds), cash and money market instruments (i.e. debt securities with short-term maturities) or assets that can be turned into cash quickly.

Derivatives may be used to help achieve the Sub-Fund's investment objective. 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").

Sub-Fund Benchmarks

A composite benchmark (i.e. a benchmark that is made up of one or more benchmarks) comprising FTSE Actuaries UK Conventional Gilts All Stocks Index (50%) and iBoxx Sterling Non-Gilt 1-10 Year Index (50%)) is used by the Investment Manager when constructing the portfolio of the Sub-Fund. This benchmark has been chosen because the Investment Manager has determined that it is representative of the investment universe of the Sub-Fund and should be used by Unitholders to compare the performance of the Sub-Fund.

Additional Information

Type of Units	Class A Income and Class A Accumulation
Dealings	Normally daily between 8.30am and 5.30pm
Deal cut-off point	12.00 noon
Valuation point	12.00 noon
Minimum investment for each type of Unit	Initially: £500

<table>
<tr><td></td><td>Thereafter: £100</td></tr>
<tr><td>Current charges of the Manager*</td><td>Annual Charge: 0.35%</td></tr>
<tr><td>Discount to Annual Charge</td><td>
<table>
<tr><th>Assets Under Management</th><th>Discount to the Annual Charge^</th></tr>
<tr><td>£0-1 billion</td><td>No discount</td></tr>
<tr><td>£1-3 billion</td><td>5% incremental discount</td></tr>
<tr><td>£3-5 billion</td><td>7% incremental discount</td></tr>
<tr><td>£5+ billion</td><td>8% incremental discount</td></tr>
</table>
</td></tr>
<tr><td>Income allocation dates</td><td>20 October

20 January

20 April

20 July</td></tr>
<tr><td>Ex dividend dates</td><td>1 October

1 January

1 April

1 July</td></tr>
<tr><td>Annual accounting date</td><td>30 June</td></tr>
<tr><td>Interim accounting date</td><td>30 September

31 December

31 March</td></tr>
<tr><td>Investor profile</td><td>The Sub-Fund is intended for investment by Charity investors with the ability to bear losses up to the amount invested in the Sub-Fund.

Investors are advised to consider the risk factors set out in section 27 of this Prospectus.</td></tr>
</table>

*Further details including the maximum permitted charges are given in section 29 of this Prospectus.

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

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

ANNEX B: BLACKROCK CHARITIES UK EQUITY FUND

BlackRock Charities UK Equity Fund is a sub-fund of BlackRock Charities Funds, a Non-UCITS Retail Scheme under the COLL Sourcebook. The Sub-Fund was established on 1 April 2019 and was authorised by the FCA on 1 April 2019. The Sub-Fund's FCA product reference number is 839486.

Investment Objective

The aim of the Sub-Fund is to provide a return (net of fees) on your investment over a period of 5 or more consecutive years beginning at the point of investment, generated through an increase in the value of the assets held by the Sub-Fund and/or income received from those assets.

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

Investment Policy

In seeking to achieve its investment objective, the Sub-Fund will invest at least 70% of its total assets in equities (i.e. shares) and equity-related investments (i.e. other investments whose value is related to equities) of companies listed (i.e. having its shares admitted to trading on a regulated market such as the London Stock Exchange) and domiciled or incorporated in the UK.

In seeking to achieve its investment objective and/or for liquidity purposes the Sub-Fund may also invest in other asset classes. These other asset classes include collective investment schemes (i.e. other investment funds which may be Associated Funds), money market instruments (i.e. debt securities with short-term maturities), cash or assets that can be turned into cash quickly.

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to help achieve the Sub-Fund's investment objective. Derivatives may also be used to 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").

Sub-Fund Benchmarks

FTSE All-Share TR Index is used by the Investment Manager when constructing the portfolio of the Sub-Fund. This benchmark has been chosen because the Investment Manager has determined that it is representative of the investment universe of the Sub-Fund and should be used by Unitholders to compare the performance of the Sub-Fund.

Additional Information

<table>
<tr><td>Type of Units</td><td>Class A Income and Class A Accumulation</td></tr>
<tr><td>Dealings</td><td>Normally daily between 8.30am and 5.30pm</td></tr>
<tr><td>Deal cut-off point</td><td>12.00 noon</td></tr>
<tr><td>Valuation point</td><td>12.00 noon</td></tr>
<tr><td>Minimum investment for each type of Unit</td><td>Initially: £1,000

Thereafter: £100</td></tr>
<tr><td>Current charges of the Manager*</td><td>Annual Charge: 0.50%</td></tr>
<tr><td>Discount to the Annual Charge</td><td>
<table>
<tr><th>Assets Under Management</th><th>Discount to the Annual Charge^</th></tr>
<tr><td>£0-1 billion</td><td>No discount</td></tr>
</table>
</td></tr>
</table>

	£1-3 billion	5% incremental discount
	£3-5 billion	7% incremental discount
	£5+ billion	8% incremental discount
Income allocation dates	20 October 20 January 20 April 20 July	
Ex dividend dates	1 October 1 January 1 April 1 July	
Annual accounting date	30 June	
Interim accounting date	30 September 31 December 31 March	
Investor profile	The Sub-Fund is intended for investment by Charity investors with the ability to bear losses up to the amount invested in the Sub-Fund. Investors are advised to consider the risk factors set out in section 27 of this Prospectus.	

*Further details including the maximum permitted charges are given in section 29 of this Prospectus.

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

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

ANNEX C: BLACKROCK CHARITIES UK EQUITY ESG FUND

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

BlackRock Charities UK Equity ESG Fund is a sub-fund of BlackRock Charities Funds, a Non-UCITS Retail Scheme under the COLL Sourcebook. The Sub-Fund was established on 1 April 2019 and was authorised by the FCA on 1 April 2019. The Sub-Fund's FCA product reference number is 839487.

ANNEX D: BLACKROCK CHARITIES UK EQUITY INDEX FUND

BlackRock Charities UK Equity Index Fund is a sub-fund of BlackRock Charities Funds, a Non-UCITS Retail Scheme under the COLL Sourcebook. The Sub-Fund was established on 1 April 2019 and was authorised by the FCA on 1 April 2019. The Sub-Fund's FCA product reference number is 839488.

Investment Objective

The aim of the Sub-Fund is to provide a return on your investment (net of fees), generated through and increase in the value of the assets held by the Sub-Fund and/or income received from those assets by tracking closely the performance of the FTSE All Share Index ("**Benchmark Index**").

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

Investment Policy

In seeking to achieve its investment objective, the Sub-Fund will invest directly into the equities (i.e. shares) of companies in the Benchmark Index and at times invest indirectly via other equity-related investments (i.e. other investments whose value is related to equities) giving exposure to such companies.

In seeking to achieve its investment objective and/or for liquidity purposes the Fund may also invest in other asset classes. These other asset classes include direct investment in collective investment schemes (i.e. other investment funds which may be Associated Funds), money market instruments (i.e. debt securities with short-term maturities) and cash or assets that can be turned into cash quickly.

The Sub-Fund intends to replicate the constituents of the Benchmark Index by holding all the securities comprising the Benchmark Index in a similar proportion to their weightings in the Benchmark Index so far as possible and practicable. In seeking to replicate its Benchmark Index, this Sub-Fund may invest up to 20% of its net asset value in shares issued by the same body. This limit may be raised to 35% for a single issuer when exceptional market conditions apply (as set out in section 16 of Annex K).

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to help achieve the Sub-Fund's investment objective. Derivatives may also be used to 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").

Sub-Fund Benchmark(s)

Target: The Sub-Fund's aim is to track the performance of the FTSE All Share Index, but not to outperform it. This benchmark has been chosen because it forms part of the investment objective of the Sub-Fund (i.e. a target benchmark) and should be used by Unitholders to compare the performance of the Sub-Fund.

Benchmark Index Description

The FTSE All Share Index represents the performance of all eligible companies listed on the London Stock Exchange's (LSE) main market, which pass screening for size and liquidity. The Benchmark Index is a free float-adjusted market capitalisation weighted index which captures 98% of the UK's market capitalisation. Free float-adjusted means that only shares readily available in the market rather than all of a company's issued shares are used in calculating the Benchmark Index. Free float-adjusted market capitalisation is the share price of a company multiplied by the number of shares readily available in the market.

The Benchmark Index is valued at the close of each day though a midday valuation is available and is used for performance purposes to match the timing of the Fund's valuation point. The Benchmark Index rebalances on a quarterly basis. Further details regarding the Benchmark Index (including its constituents) are available on the index provider's website at http://www.ftse.com/Indices/.

Additional information

Type of Units	Class A Income Class A Accumulation Class X Income Class X Accumulation	
Dealings	Normally daily between 8.30am and 5.30pm	
Deal cut-off point	12.00 noon	
Valuation point	12.00 noon	
Minimum investment for each type of Unit	**A**	**X**
	Initially: £5,000	Initially: £10,000,000
	Thereafter: £100	Thereafter: £100
Minimum withdrawal for each type of Unit	£250	£250
Current charges of the Manager*	Preliminary Charge: nil Annual Charge: 0.075%	Preliminary Charge: nil Annual Charge: nil
Income allocation dates	20 October 20 January 20 April 20 July	
Ex dividend dates	1 October 1 January 1 April 1 July	
Annual accounting date	30 June	
Interim accounting date	30 September 31 December 31 March	

Investor profile	The Sub-Fund is intended for investment by Charity investors with the ability to bear losses up to the amount invested in the Sub-Fund. Investors are advised to consider the risk factors set out in section 27 of this Prospectus.

*Further details including the maximum permitted charges are given in section 29 of this Prospectus.

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

ANNEX E: BLACKROCK CHARITIES GROWTH & INCOME FUND

BlackRock Charities Growth & Income Fund is a sub-fund of BlackRock Charities Funds, a Non-UCITS Retail Scheme under the COLL Sourcebook. The Sub-Fund was established on 1 April 2019 and was authorised by the FCA on 1 April 2019. The Sub-Fund's FCA product reference number is 839489.

This Sub-Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Sub-Fund does not use a sustainability label because whilst the Sub-Fund applies ESG commitments within its investment process (as described below), the Sub-Fund does not have a specific sustainability goal and the investment strategy of the Sub-Fund means it is not able to meet the criteria of any sustainability label.

Investment Objective

The aim of the Sub-Fund is to provide a return on your investment (net of fees) over a period of 5 or more consecutive years beginning at the point of investment, generated through an increase to the value of the assets held by the Sub-Fund and/or income received from those assets.

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

Investment Policy

In seeking to achieve its investment objective the Sub-Fund will use a variety of investment strategies and may invest in the full spectrum of permitted investments. The Sub-Fund may invest in equities (i.e. shares of companies), equity-related investments (i.e. other investments whose value is related to equities), fixed-income securities (i.e. bonds) issued by governments, government agencies, companies and supranationals (e.g. the International Bank for Reconstruction and Development) worldwide and fixed-income related investments (i.e. other investments whose value is related to fixed-income securities), units in collective investment schemes (i.e. other investment funds which may be Associated Funds), money market instruments (i.e. debt securities with short-term maturities), cash, assets that can be turned into cash quickly and alternative asset classes which includes without limitation commodities (i.e. precious metals and agricultural produce) and property. The Sub-Fund may invest in a full range fixed-income securities and money market instruments which may include non-investment grade securities (i.e. securities which have a relatively low credit rating or which are unrated).

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to help achieve the Sub-Fund's investment objective. Derivatives may also be used to 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").

Investment Process and ESG

The Investment Manager will limit and/or exclude (as applicable) direct investment in corporate issuers which, at the time of purchase, in the opinion of the Investment Manager:

(a) are engaged in, or are otherwise exposed to, the production of controversial weapons (including, but not limited to, cluster munitions, biological-chemical, landmines, depleted uranium, blinding laser, non-detectable fragments and/or incendiary weapons);

(b) derive any revenue from direct involvement in the production of nuclear weapons or nuclear weapon components or delivery platforms, or the provision of auxiliary services related to nuclear weapons;

(c) derive more than 5% of their revenue from military-related activity and/or conventional armaments;

(d) produce firearms and/or small arms ammunition intended for retail to civilians or derive more than 5% of their revenue from the distribution (wholesale or retail) of firearms and/or small arms ammunition intended for civilian use;

(e) produce tobacco products or derive more than 5% of their revenue from the production, distribution, retail and supply of tobacco-related products;

(f) derive more than 10% of their revenue from alcohol or alcohol-related products;

(g) derive more than 10% of their revenue from gambling-related products;

(h) derive more than 5% of their revenue from the adult entertainment industry;

(i) derive more than 5% of their revenue from predatory lending (including the provision of home-collected credit ("doorstep lending"), unsecured short-term loans ("payday loans") or pawnbroker loans);

(j) display evidence of owning fossil fuel reserves and derive any revenue from the mining of thermal coal, thermal coal-based power generation or conventional or unconventional oil and gas activities;

(k) derive more than 5% of their revenue from thermal coal extraction and/or thermal coal-based power generation;

(l) derive more than 5% of their revenue from the production and generation of tar sands (also known as oil sands);

(m) derive more than 5% of their revenue from the extraction and production of oil and gas, unless conventional oil and gas revenue share is greater than the unconventional oil and gas revenue share and the revenue derived from renewable energy and alternative fuels (excluding the revenue from natural gas cogeneration power) is more than 50% of the revenues;

(n) derive more than 5% of their revenue from providing equipment and services for the exploration and production of oil and natural gas; or

(o) have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anticorruption).

Should existing holdings compliant with the above limits and/or exclusions at the time of investment subsequently become ineligible, they will be divested within a reasonable period of time. Where the Investment Manager does not have the relevant data to determine if a particular issuer is compliant with the above limits and/or exclusions, that issuer is still eligible for investment. However, if data subsequently becomes available that shows an existing holding is ineligible for investment, it will be divested within a reasonable period of time.

The exclusionary screens described above are only applied by the Investment Manager to direct investments made by the Sub-Fund in corporate issuers and accordingly the Sub-Fund may have exposure to other investments (including, but not limited to, derivatives, money market instruments, units or shares in collective investment schemes, cash and assets that can be turned into cash quickly) which are inconsistent with the exclusionary screens. At any time, the proportion of investments which comply with the exclusionary screens will vary and the Investment Manager does not make any commitment as to the minimum proportion of the portfolio which will comply with the exclusionary screens.

Use of data

For the purposes of applying the exclusionary screens, the Investment Manager will use data from MSCI, although the Investment Manager may, in the future, change the data provider(s) where it considers that a better data source is available.
There are certain risks involved with the use of third party data, as further set out in section 26.3(i) (Risks relating to the application of ESG criteria) above.

Sub-Fund Benchmarks

A composite benchmark (i.e. a benchmark that is made up of one or more benchmarks) comprising MSCI World Index (GBP) (60%); Global Aggregate Bond Index (GBP Hedged) (20%); 3 Month GBP SONIA compounded in arrears plus 3% (20%) (the "**Underlying Benchmarks**") is used by the Investment Manager when constructing the portfolio of the Sub-Fund. The Underlying Benchmarks are chosen dynamically from time to time at the discretion of the Investment Manager in view of the investment objective and policy of the Sub-Fund. This benchmark has been chosen because the Investment Manager has determined that it is representative of the investment universe of the Sub-Fund and should be used by Unitholders to compare the performance of the Sub-Fund.

Distribution Policy for Income Units

In relation to Income Units, the Sub-Fund's income is distributed on a total return basis. The Manager has set a minimum target of the income available for allocation or distribution at 0.9 pence per unit per quarter (being 3.6 pence per unit in each annual accounting period for the Sub-Fund). The Manager considers this target to be consistent with the Sub-Fund's investment objective and policy and distribution policy because it aims to provide a return on investment generated through

an increase to the value of the assets held by the Sub-Fund and/or income received from those assets whilst adhering to the Sub-Fund's total return basis distribution policy.

The Manager will set the level of distribution on a quarterly basis in order to allow the distribution amount on a pence per unit basis to be maintained or increased over time, but where such levels shall not exceed 1.5% of the assets of each asset class per quarter (being 6% per annum). The Manager reserves the right as appropriate to declare a distribution lower than that of the previous quarter's distribution rate. The distribution may be funded from income or capital.

If the price of equities, bonds or other assets held in the Sub-Fund fall or the levels of income produced by these assets is less than expected, the Sub-Fund may also not achieve its total return objective.

For the avoidance of doubt, the income equalisation and income reserve account policies set out in section 34 above will also apply to the Sub-Fund.

Additional Performance Comparators

Unitholders can also compare the performance of the Sub-Fund against the UK Consumer Prices Index ("CPI") and/or against the ARC Research ("ARC") Steady Sterling Growth ARC Charity Index ("ACI"). Over a period of 5 or more consecutive years the Investment Manager believes that CPI is an appropriate guide to long term returns. Performance against CPI should be compared using official UK CPI levels one month in arrears. The ARC Steady Sterling Growth ACI is provided by ARC and allows charity portfolio performance to be compared against a realistic and sizable peer group of charities whose portfolios have exhibited volatility characteristics that are similar to the Sub-Fund.

Additional Information

Type of Units	Class A Income Class A Accumulation Class X Income Class X Accumulation Class C Accumulation Class C Income					
Dealings	Normally daily between 8.30am and 5.30pm					
Deal cut-off point	12.00 noon					
Valuation point	12.00 noon					
Minimum investment for each type of Unit	**Class A Accumulation**	**Class A Income**	**Class C Accumulation** *(at the Manager's discretion)*	**Class C Income** *(at the Manager's discretion)*	**Class X Accumulation**	**Class X Income**
	Initially: £5,000	Initially: £5,000	Initially: £50,000,000	Initially: £50,000,000	Initially: £10,000,000	Initially: £10,000,000
	Thereafter: £100	Thereafter: £100	Thereafter: £100	Thereafter: £100	Thereafter: £100	Thereafter: £100

<table>
<tr><td>Minimum withdrawal for each type of Unit</td><td>£1,000</td><td>£1,000</td><td>£1,000</td><td>£1,000</td><td>£1,000</td><td>£1,000</td></tr>
<tr><td>Current charges of the Manager*</td><td colspan="2">Annual charge:

0.45% per annum of the net asset value of the Sub-Fund on assets under management (“AUM”) up to £200 million and 0.40% per annum of the net asset value of the Sub-Fund on the balance of AUM above £200 million.</td><td colspan="2">Annual charge:

0.40% per annum of the net asset value of the Sub-Fund</td><td colspan="2">Annual Charge: nil</td></tr>
<tr><td>Discount to the Annual Charge</td><td colspan="4"><table><tr><th>Assets Under Management</th><th>Discount to the Annual Charge^</th></tr><tr><td>£0-1 billion</td><td>No discount</td></tr><tr><td>£1-3 billion</td><td>5% incremental discount</td></tr><tr><td>£3-5 billion</td><td>7% incremental discount</td></tr><tr><td>£5+ billion</td><td>8% incremental discount</td></tr></table></td><td colspan="2">Not Applicable</td></tr>
<tr><td>Preliminary Charge</td><td colspan="2">None</td><td colspan="2">5% (at the Manager’s discretion)</td><td colspan="2">None</td></tr>
<tr><td>Income allocation dates</td><td colspan="6">20 October

20 January

20 April

20 July</td></tr>
<tr><td>Ex dividend dates</td><td colspan="6">1 October

1 January

1 April

1 July</td></tr>
<tr><td>Annual accounting date</td><td colspan="6">30 June</td></tr>
<tr><td>Interim accounting date</td><td colspan="6">30 September

31 December

31 March</td></tr>
<tr><td>Investor profile</td><td colspan="6">The Sub-Fund is intended for investment by Charity Investors with the ability to bear losses up to the amount invested in the Sub-Fund.

Investors are advised to consider the risk factors set out in section 27 of this Prospectus.</td></tr>
</table>

*Further details including the maximum permitted charges are given in section 29 of this Prospectus.

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

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

ANNEX F: BLACKROCK ARMED FORCES CHARITIES GROWTH & INCOME FUND

BlackRock Armed Forces Charities Growth & Income Fund is a sub-fund of BlackRock Charities Funds, a Non-UCITS Retail Scheme under the COLL Sourcebook. The Sub-Fund was established on 17 September 2019 and was authorised by the FCA on 17 September 2019.

Investment Objective

The aim of the Sub-Fund is to provide a return on your investment (net of fees) over a period of 5 or more consecutive years beginning at the point of investment, generated through an increase in the value of the assets held by the Sub-Fund and/or income received from those assets.

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

Investment Policy

In seeking to achieve its investment objective the Sub-Fund will use a variety of investment strategies and may invest in the full range of permitted investments. The Sub-Fund may invest in equities (i.e. shares of companies), equity-related investments (i.e. other investments whose value is related to equities), fixed-income securities (i.e. bonds) issued by governments, government agencies, companies and supranationals (e.g. the International Bank for Reconstruction and Development) worldwide and fixed-income related investments (i.e. other investments whose value is related to fixed-income securities), units in collective investment schemes (i.e. other investment funds which may be Associated Funds), money market instruments (i.e. debt securities with short-term maturities), cash, assets that can be turned into cash quickly and alternative asset classes which includes without limitation commodities (i.e. precious metals and agricultural produce) and property. The Sub-Fund may invest in a full range of fixed-income securities and money market instruments which may include non-investment grade securities (i.e. securities which have a relatively low credit rating or which are unrated).

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to help achieve the Sub-Fund's investment objective. 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").

Sub-Fund Benchmarks

A composite benchmark (i.e. a benchmark that is made up of one or more benchmarks) comprising: MSCI World Index (GBP) (60%); Global Aggregate Bond Index (GBP Hedged) (20%); 3 Month GBP SONIA compounded in arrears plus 3% (20%) (the "**Underlying Benchmarks**") is used by the Investment Manager when constructing the portfolio of the Sub-Fund. The Underlying Benchmarks are chosen dynamically from time to time at the discretion of the Investment Manager in view of the investment objective and policy of the Sub-Fund. This benchmark has been chosen because the Investment Manager has determined that it is representative of the investment universe of the Sub-Fund and should be used by Unitholders to compare the performance of the Sub-Fund.

Distribution Policy for Income Units

In relation to Income Units, the Sub-Fund's income is distributed on a total return basis. The Manager has set a minimum target of the income available for allocation or distribution at 2.15 pence per unit per quarter (being 8.6 pence per unit in each annual accounting period for the Sub-Fund). The Manager considers this target to be consistent with the Sub-Fund's investment objective and policy and distribution policy because it aims to provide a return on investment generated through an increase to the value of the assets held by the Sub-Fund and/or income received from those assets whilst adhering to the Sub-Fund's total return basis distribution policy.

The Manager will set the level of distribution on a quarterly basis in order to allow the distribution amount on a pence per unit basis to be maintained or increased over time, but where such levels shall not exceed 1.5% of the assets of each asset class per quarter (being 6% per annum). The Manager reserves the right as appropriate to declare a distribution lower than that of the previous quarter's distribution rate. The distribution may be funded from income or capital.

If the price of equities, bonds or other assets held in the Sub-Fund fall or the levels of income produced by these assets is less than expected, the Sub-Fund may also not achieve its total return objective.

For the avoidance of doubt, the income equalisation and income reserve account policies set out in section 34 above will also apply to the Sub-Fund.

Additional Performance Comparators

Unitholders can also compare the performance of the Sub-Fund against the UK Consumer Prices Index ("CPI") and/or against the ARC Research("ARC") Steady Sterling Growth ARC Charity Index ("ACI"). Over a period of 5 or more consecutive years the Investment Manager believes that CPI is an appropriate guide to long term returns. Performance against CPI should be compared using official UK CPI levels one month in arrears. The ARC Steady Sterling Growth ACI is provided by ARC and allows charity portfolio performance to be compared against a realistic and sizable peer group of charities whose portfolios have exhibited volatility characteristics that are similar to the Sub-Fund.

Additional Information

<table>
<tr><td>Type of Units</td><td>Class A Income and Class A Accumulation</td></tr>
<tr><td>Dealings</td><td>Normally daily between 8.30am and 5.30pm</td></tr>
<tr><td>Deal cut-off point</td><td>12.00 noon</td></tr>
<tr><td>Valuation point</td><td>12.00 noon</td></tr>
<tr><td>Minimum investment for each type of Unit</td><td>Initially: £1,000

Thereafter: £1,000</td></tr>
<tr><td>Minimum withdrawal for each type of Unit</td><td>Initially: £1,000

Thereafter: £100</td></tr>
<tr><td>Current charges of the Manager*</td><td>Annual Charge: 0.40% per annum of the net asset value of the Sub-Fund on AUM up to £200 million and 0.35% per annum of the net asset value of the Sub-Fund on the balance of AUM above £200 million.</td></tr>
<tr><td>Discount to the Annual Charge</td><td><table><tr><th>Assets Under Management</th><th>Discount to the Annual Charge^</th></tr><tr><td>£0-1 billion</td><td>No discount</td></tr><tr><td>£1-3 billion</td><td>5% incremental discount</td></tr><tr><td>£3-5 billion</td><td>7% incremental discount</td></tr><tr><td>£5+ billion</td><td>8% incremental discount</td></tr></table></td></tr>
<tr><td>Income allocation dates</td><td>20 October

20 January

20 April

20 July</td></tr>
<tr><td>Ex dividend dates</td><td>1 October</td></tr>
</table>

		1 January 1 April 1 July
Annual accounting date		30 June
Interim accounting date		30 September 31 December 31 March
Investor profile	The Sub-Fund is intended for investment by Charity investors with the ability to bear losses up to the amount invested in the Sub-Fund. Investors are advised to consider the risk factors set out in section 27 of this Prospectus.	

*Further details including the maximum permitted charges are given in section 29 of this Prospectus.

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

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

ANNEX G: BLACKROCK CATHOLIC CHARITIES GROWTH & INCOME FUND

BlackRock Catholic Charities Growth & Income Fund is a sub-fund of BlackRock Charities Funds, a Non-UCITS Retail Scheme under the COLL Sourcebook. The Sub-Fund was established on 17 September 2019 and was authorised by the FCA on 17 September 2019.

This Sub-Fund does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Sub-Fund does not use a sustainability label because whilst the Sub-Fund applies ESG commitments within its investment process (as described below), the Sub-Fund does not have a specific sustainability goal and the investment strategy of the Sub-Fund means it is not able to meet the criteria of any sustainability label.

Investment Objective

The aim of the Sub-Fund is to provide a return on your investment (net of fees) over a period of 5 or more consecutive years beginning at the point of investment, generated through an increase in the value of the assets held by the Sub-Fund and/or income received from those assets.

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

Investment Policy

In seeking to achieve its investment objective the Sub-Fund will use a variety of investment strategies and may invest in the full range of permitted investments. The Sub-Fund may invest in equities (i.e. shares of companies), equity-related investments (i.e. other investments whose value is related to equities), fixed-income securities (i.e. bonds) issued by governments, government agencies, companies and supranationals (e.g. the International Bank for Reconstruction and Development) worldwide and fixed-income related investments (i.e. other investments whose value is related to fixed-income securities), units in collective investment schemes (i.e. other investment funds which may be Associated Funds), money market instruments (i.e. debt securities with short-term maturities), cash, assets that can be turned into cash quickly and alternative asset classes which includes without limitation commodities (i.e. precious metals and agricultural produce) and property. The Sub-Fund may invest in a full range of fixed-income securities and money market instruments which may include non-investment grade securities (i.e. securities which have a relatively low credit rating or which are unrated).

Derivatives (i.e. investments the prices of which are based on one or more underlying assets) may be used to help achieve the Sub-Fund's investment objective. Derivatives may also be used to 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").

Ethical Investment Policy

The Investment Manager will limit and/or exclude (as applicable) direct investment in corporate issuers which, at the time of purchase, in the opinion of the Investment Manager:

(a) are engaged in, or are otherwise exposed to, the production of controversial weapons (including, but not limited to, cluster munitions, biological-chemical, landmines, depleted uranium, blinding laser, non-detectable fragments and/or incendiary weapons);

(b) derive any revenue from direct involvement in the production of nuclear weapons or nuclear weapon components or delivery platforms, or the provision of auxiliary services related to nuclear weapons;

(c) derive more than 5% of their revenue from military-related activity and/or conventional armaments;

(d) produce firearms and/or small arms ammunition intended for retail to civilians or derive more than 5% of their revenue from the distribution (wholesale or retail) of firearms and/or small arms ammunition intended for civilian use;

(e) produce tobacco products or derive more than 5% of their revenue from the production, distribution, retail and supply of tobacco-related products;

(f) derive more than 10% of their revenue from alcohol or alcohol-related products;

(g) derive more than 10% of their revenue from gambling-related products;

(h) derive more than 3% of their revenue from the adult entertainment industry;

(i) derive more than 5% of their revenue from predatory lending (including the provision of home-collected credit ("doorstep lending"), unsecured short-term loans ("payday loans") or pawnbroker loans);

(j) display evidence of owning fossil fuel reserves and derive any revenue from the mining of thermal coal, thermal coal-based power generation or conventional or unconventional oil and gas activities;

(k) derive more than 5% of their revenue from thermal coal extraction and/or thermal coal-based power generation;

(l) derive more than 5% of their revenue from the production and generation of tar sands (also known as oil sands);

(m) derive more than 5% of their revenue from the extraction and production of oil and gas, unless conventional oil and gas revenue share is greater than the unconventional oil and gas revenue share and the revenue derived from renewable energy and alternative fuels (excluding the revenue from natural gas cogeneration power) is more than 50% of the revenues;

(n) derive more than 5% of their revenue from providing equipment and services for the exploration and production of oil and natural gas;

(o) have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anticorruption); or

(p) in relation to the Sanctity of Life (as defined by MSCI), have an industry tie to abortion, abortifacients or contraceptives, or conduct stem cell research with cells derived from human fetal tissue or embryos, develop or produce products for scientific research specifically on embryonic or fetal stem cells, use fetal cell lines in the development of vaccines and other biologics, tissue or embryos, develop fetal stem cells, or use fetal cell lines in the development of vaccines and other biologics.

Should existing holdings compliant with the above limits and/or exclusions at the time of investment subsequently become ineligible, they will be divested within a reasonable period of time. Where the Investment Manager does not have the relevant data to determine if a particular issuer is compliant with the above limits and/or exclusions, that issuer is still eligible for investment. However, if data subsequently becomes available that shows an existing holding is ineligible for investment, it will be divested within a reasonable period of time.

The exclusionary screens described above are only applied by the Investment Manager to direct investments made by the Sub-Fund in corporate issuers and accordingly the Sub-Fund may have exposure to other investments (including, but not limited to, derivatives, money market instruments, units or shares in collective investment schemes, cash and assets that can be turned into cash quickly) which are inconsistent with the exclusionary screens. At any time, the proportion of investments which comply with the exclusionary screens will vary and the Investment Manager does not make any commitment as to the minimum proportion of the portfolio which will comply with the exclusionary screens.

Use of data

For the purposes of applying the exclusionary screens, the Investment Manager will use data from MSCI, although the Investment Manager may, in the future, change the data provider(s) where it considers that a better data source is available.
There are certain risks involved with the use of third party data, as further set out in section 26.3(i) (*Risks relating to the application of ESG criteria*) above.

Sub-Fund Benchmarks

A composite benchmark (i.e. a benchmark that is made up of one or more benchmarks) comprising: MSCI World Index (GBP) (60%); Global Aggregate Bond Index (GBP Hedged) (20%); 3 Month GBP SONIA compounded in arrears plus 3% (20%) (the "**Underlying Benchmarks**") is used by the Investment Manager constructing the portfolio of the Sub-Fund. The Underlying Benchmarks are chosen dynamically from time to time at the discretion of the Investment Manager in view of the investment objective and policy of the Sub-Fund. This benchmark has been chosen because the Investment Manager has determined that it is representative of the investment universe of the Sub-Fund and should be used by Unitholders to compare the performance of the Sub-Fund.

Distribution Policy for Income Units

In relation to Income Units, the Sub-Fund's income is distributed on a total return basis. The Manager has set a minimum target of the income available for allocation or distribution at 1.2 pence per unit per quarter (being 4.8 pence per unit in each annual accounting period for the Sub-Fund). The Manager considers this target to be consistent with the Sub-Fund's investment objective and policy and distribution policy because it aims to provide a return on investment generated through an increase to the value of the assets held by the Sub-Fund and/or income received from those assets whilst adhering to the Sub-Fund's total return basis distribution policy.

The Manager will set the level of distribution on a quarterly basis in order to allow the distribution amount on a pence per unit basis to be maintained or increased over time, but where such levels shall not exceed 1.5% of the assets of each asset class per quarter (being 6% per annum). The Manager reserves the right as appropriate to declare a distribution lower than that of the previous quarter's distribution rate. The distribution may be funded from income or capital.

If the price of equities, bonds or other assets held in the Sub-Fund fall or the levels of income produced by these assets is less than expected, the Sub-Fund may also not achieve its total return objective.

For the avoidance of doubt, the income equalisation and income reserve account policies set out in section 34 above will also apply to the Sub-Fund.

Additional Performance Comparators

Unitholders can also compare the performance of the Sub-Fund against the UK Consumer Prices Index ("CPI") and/or against the ARC Research ("ARC") Steady Sterling Growth ARC Charity Index ("ACI"). Over a period of 5 or more consecutive years the Investment Manager believes that CPI is an appropriate guide to long term returns. Performance against CPI should be compared using official UK CPI levels one month in arrears. The ARC Steady Sterling Growth ACI is provided by ARC and allows charity portfolio performance to be compared against a realistic and sizable peer group of charities whose portfolios have exhibited volatility characteristics that are similar to the Sub-Fund.

Additional Information

<table>
<tr><td>Type of Units</td><td>Class A Income and Class A Accumulation</td></tr>
<tr><td>Dealings</td><td>Normally daily between 8.30am and 5.30pm</td></tr>
<tr><td>Deal cut-off point</td><td>12.00 noon</td></tr>
<tr><td>Valuation point</td><td>12.00 noon</td></tr>
<tr><td>Minimum investment for each type of Unit</td><td>Initially: £5,000

Thereafter: £1,000</td></tr>
<tr><td>Minimum withdrawal for each type of Unit</td><td>Initially: £1,000

Thereafter: £100</td></tr>
<tr><td>Current charges of the Manager*</td><td>Annual Charge: 0.50% per annum of the net asset value of the Sub-Fund on AUM up to £200 million and 0.45% per annum of the net asset value of the Sub-Fund on the balance of AUM above £200 million.</td></tr>
<tr><td>Discount to the Annual Charge</td><td>
<table>
<tr><th>Assets Under Management</th><th>Discount to the Annual Charge^</th></tr>
<tr><td>£0-1 billion</td><td>No discount</td></tr>
<tr><td>£1-3 billion</td><td>5% incremental discount</td></tr>
<tr><td>£3-5 billion</td><td>7% incremental discount</td></tr>
</table>
</td></tr>
</table>

	£5+ billion	8% incremental discount	
Income allocation dates	20 October 20 January 20 April 20 July		
Ex dividend dates	1 October 1 January 1 April 1 July		
Annual accounting date	30 June		
Interim accounting date	30 September 31 December 31 March		
Investor profile	The Sub-Fund is intended for investment by Charity investors with the ability to bear losses up to the amount invested in the Sub-Fund. Investors are advised to consider the risk factors set out in section 27 of this Prospectus.		

*Further details including the maximum permitted charges are given in section 29 of this Prospectus.

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

ANNEX H: VALUATION AND PRICING

1. **Determination of Net Asset Value**

The value of the property of a Sub-Fund shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

1 All the property of a Sub-Fund (including receivables) is to be included, subject to the following provisions.

2 The valuation of the property of a Sub-Fund shall consist of two parts, one on an issue basis and one on a cancellation basis calculated in accordance with the following provisions.

2.1 The valuation of property for that part of the valuation which is on an issue basis is as follows:

2.1.1 Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

(a) units or shares in a collective investment scheme:

(i) if a single price for buying and selling units or shares is quoted, at that price plus any dealing costs (as defined below), any preliminary charge payable by a Sub-Fund on the purchase of the units or shares, and any dilution levy or SDRT provision which would be added in the event of a purchase by a Sub-Fund of the units or shares in question (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by a Sub-Fund), the valuation must not include any preliminary charge payable in the event of a purchase by a Sub-Fund of those units or shares; or

(ii) if separate buying (offer) and selling (bid) prices are quoted, at the buying price, less any expected discount plus any dealing costs (as defined below), but where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by a Sub-Fund, the issue price shall be taken instead of the buying price; or

(iii) 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 or if the most recent price available does not reflect the Manager's best estimate of the value, at a value which, in the opinion of the Manager, is fair and reasonable;

(b) exchange-traded derivative contracts:

(i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or

(ii) if separate buying and selling prices are quoted, at the average of the two prices;

(c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the Manager and the Trustee;

(d) any other investment:

(i) the best available market dealing offer price on the most appropriate market in a standard size (plus any dealing costs, (as defined below)); or

(ii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the Manager's best estimate of the value, at a value which, in the opinion of the Manager, is fair and reasonable; and

(e) property other than that described in (a), (b), (c) and (d) above: at a value which, in the opinion of the Manager, is fair and reasonable (plus any dealing costs (as defined below)).

2.2 The valuation of property for that part of the valuation which is on a cancellation basis is as follows:

2.2.1 Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

(a) units or shares in a collective investment scheme:

(i) if a single price for buying and selling units or shares is quoted, at that price (less any dealing costs (as defined below), any redemption charge payable by a Sub-Fund on the sale of the units or shares, (taking account of any expected discount) and any dilution levy or SDRT provision which would be deducted in the event of a sale by a Sub-Fund of the units or shares (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by a Sub-Fund, any redemption charge payable in the event of a sale by a Sub-Fund of those units or shares must not be deducted)); or

(ii) if separate buying (offer) and selling (bid) prices are quoted, at the selling price less any dealing costs (as defined below) and any redemption charge payable on the sale of the units or shares taking account of any expected discount (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by a Sub-Fund), the cancellation price shall be taken instead of the selling price; or

(iii) 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 or if the most recent price available does not reflect the Manager's best estimate of the value, at a value which, in the opinion of the Manager, is fair and reasonable;

(b) exchange-traded derivative contracts:

(i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
(ii) if separate buying and selling prices are quoted, at the average of the two prices;

(c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the Manager and the Trustee;

(d) any other investment:

(i) the best available market dealing bid price on the most appropriate market in a standard size (less any dealing costs (as defined below)); or

(ii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the Manager's best estimate of the value, at a value which, in the opinion of the Manager, is fair and reasonable; and

(e) property other than that described in (a), (b), (c) and (d) above: at a value which, in the opinion of the Manager, is fair and reasonable (less any dealing costs (as defined below)).

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

4 In determining the value of the scheme property, all instructions given to issue or cancel units shall be assumed (unless the contrary is shown) to have been carried out and any payment made or received and any consequential

action required by the FCA Rules or the Deed shall be assumed (unless the contrary has been shown) to have been taken.

5 Subject to paragraphs 6 and 7 below, 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.

6 Futures which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.

7 All agreements are to be included under paragraph 5 which are, or ought reasonably 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.

8 Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of a Sub-Fund; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.

9 Deduct an estimated amount for any liabilities payable out of the property of a Sub-Fund and any tax thereon treating periodic items as accruing from day-to-day.

10 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.

11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

12 Add any other credits or amounts due to be paid into the property of a Sub-Fund.

13 Add a sum 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.

14 Currencies or values in currencies other than the base currency shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of holders or potential holders.

15 For the purposes of this Annex H, "dealing costs" means any fiscal charges, commission or other charges payable in the event of a Sub-Fund carrying out the transaction in question (but excluding any preliminary charge payable by a Sub-Fund on the purchase of units or shares), assuming that the commission and charges (other than fiscal charges) which would be payable by a Sub-Fund are the least that could reasonably be expected to be paid in order to carry out the transaction.

2. **Determination Of Unit Price**

1.1 Prices at which Units may be issued or cancelled will be calculated by valuing a Sub-Fund's underlying property attributable to the class of Units in question (in accordance with paragraph 1 above) and then dividing the value of a Sub-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 a Sub-Fund.

The Manager will determine the Unit price in accordance with the following calculations:

1.2 In order to calculate the maximum issue price, the following shall apply:

(A) take the proportion, attributable to the Units in the class in question, of the value of the issue basis of the Sub-Fund property by reference to the most recent valuation of the Sub-Fund property on an issue basis;

(B) compute the number of Units of the relevant class in issue immediately prior to the valuation in (A);

(C) divide the total at (A) by the number of Units in (B); and

(D) 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 a Sub-Fund, in accordance with section 16 of this Prospectus.

1.3 In order to calculate the minimum cancellation price, the following shall apply:

(A) take the proportion, attributable to the Units in the class in question, of the value of the cancellation basis of the Sub-Fund property by reference to the most recent valuation of the Sub-Fund property on a cancellation basis;

(B) compute the number of Units of the relevant class in issue immediately prior to the valuation in (A);

(C) divide the total at (A) by the number of Units in (B); and

(D) 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 a Sub-Fund. The actual 'bid price' at which Unitholders can sell their Units will either be the same or higher than the cancellation price.

ANNEX I: ELIGIBLE SECURITIES MARKETS

The following markets shall be eligible securities markets for the Sub-Funds:

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 (Nasdaq Copenhagen)
Estonia	Nasdaq Tallinn AS (Nasdaq Baltic)
Estonia	Nasdaq CSD SE Estonian branch
Finland	Helsinki Stock Exchange (Nasdaq Helsinki)
France	Euronext, Paris
Germany	Berlin Stock Exchange (Börse Berlin AG)
Germany	Hamburg and Hannover Exchanges (Borsen Hamburg und Hannover)
Germany	Munich Exchange (Börse Munchen)
Germany	Stuttgart Exchange (Börse Stuttgart (SWB))
Germany	Frankfurt Stock Exchange (Börse Frankfurt)
Greece	Athens Stock Exchange (ASE/ATHEX)
Hungary	Budapest Stock Exchange (BET)
Iceland	Iceland Stock Exchange (Nasdaq Iceland)
Ireland	Euronext, Dublin
Israel	Tel Aviv Stock Exchange (TASE)
Italy	Italian Stock Exchange (Borsa Italiana)
Luxembourg	Luxembourg Stock Exchange (Bourse de Luxembourg)
Netherlands	Euronext, Amsterdam
Norway	Oslo Børs (Oslo Stock Exchange)

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	Stockholm Stock Exchange (Nasdaq 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	B3 S.A. - Brasil, Bolsa, Balcão
Canada	Toronto Stock Exchange
Chile	Santiago Stock Exchange (SSE) & Bolsa Electronica de Chile
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	NYSE American
USA	The New York Stock Exchange (NYSE)
USA	NYSE ARCA
USA	NASDAQ OMX PHLX (Philadelphia)
USA	National Stock Exchange (NYSE National)
USA	NASDAQ OMX BX (Boston)
USA	NYSE Chicago
USA	NASDAQ and the Over-the-Counter Markets regulated by the National Association of Securities Dealers Inc.

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 Stock Exchange
Saudi Arabia	Saudi Stock Exchange
South Africa	The JSE Securities Exchange (JSE Limited)
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)
Hong Kong	Hong Kong Exchanges and Clearing (HKEx)
India	The Bombay Stock Exchange (BSE Limited)
India	National Stock Exchange of India (NSE)
Indonesia	Indonesia Stock Exchange (Bursa Efek Indonesia)
Japan	The Tokyo Stock Exchange (TSE/TYO)
Japan	Osaka Exchange
Japan	The Nagoya Stock Exchange
Japan	The Sapporo Securities Exchange
Republic of Korea	Korea Exchange Inc. (KRX)
Malaysia	Bursa Malaysia BHD
New Zealand	New Zealand Exchange (NZX)
Pakistan	Pakistan Stock Exchange
Philippines	Philippine Stock Exchange
Singapore	Singapore Exchange

Sri Lanka	Colombo Stock Exchange
Taiwan	The Taiwan Stock Exchange (TWSE)
Thailand	The Stock Exchange of Thailand
Vietnam	The Vietnam Stock Exchange (Ho Chi Minh Stock Exchange)

At the Manager's discretion, a Sub-Fund may invest in securities listed on other securities markets deemed to be eligible from time to time, as determined by the Manager and agreed with the Trustee.

ANNEX J: ELIGIBLE DERIVATIVE MARKETS

The following markets shall be eligible derivative markets for the Sub-Funds:

Greece	Athens Stock Exchange
Australia	Australian Securities Exchange (ASX Limited)
Brazil	B3 S.A. - Brasil, Bolsa, Balcão
USA	CBOE Futures Exchange (CBF)
USA	Chicago Board of Trade
USA	Chicago Board Options Exchange
USA	CME Group Inc (Chicago Mercantile Exchange)
UK	EDX London
Germany & UK	EUREX
Netherlands	Euronext Amsterdam
Belgium	Euronext Brussels
France	Euronext Paris
Hong Kong	Hong Kong Exchanges and Clearing (HKEx)
UK	ICE Futures Europe
USA	ICE Futures US
Italy	Italian Stock Exchange (Borsa Italiana)
Japan	Japan Securities Dealers Association (JSDA - Japan OTC Market)
Republic of Korea	Korea Exchange Inc. (KRX)
Malaysia	Malaysia Derivatives Exchange (MDEX) - subsidiary of Bursa Malaysia
Mexico	MDX - Mercado Mexicano de Deriva
Spain	MEFF (BME Spanish Exchanges)
Spain	MEFF Renta Fija
Spain	MEFF Renta Variable (BME Spanish Exchanges)
Mexico	Mexican Derivatives Exchange (MEXDER)
Canada	Montreal Exchange (Bourse de Montreal)
USA	NASDAQ OMX
India	National Stock Exchange of India (NSE)

USA	New York Mercantile Exchange (NYMEX)
Sweden	Stockholm Stock Exchange (Nasdaq Stockholm AB)
Japan	Osaka Exchange
Singapore	Singapore Exchange (SIMEX / SGX)
South Africa	South African Futures Exchange (SAF / SAFEX)
Taiwan	Taiwan Futures Exchange (TAIFEX)
Thailand	Thailand Futures Exchange (TFEX)
India	The Bombay Stock Exchange (BSE Limited)
Japan	Tokyo Financial Exchange Inc. (TFX)
Japan	Tokyo Stock Exchange
Turkey	Turkish Derivatives Exchange (TurkDex)
Poland	Warsaw Stock Exchange
Austria	Wiener Borse - Austrian Exchange for derivatives

At the Manager's discretion, a Sub-Fund may invest in derivatives listed on other derivative markets deemed to be eligible from time to time, as determined by the Manager and agreed with the Trustee.

ANNEX K: INVESTMENT AND BORROWING POWERS

1. **Investment and Borrowing Powers**

1.1 The property of each Sub-Fund will be invested with the aim of achieving the investment objective of each Sub-Fund set out in Annexes A to G 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 Sub-Funds, it aims to provide a prudent spread of risk. The rules in COLL 5.6 relating to the spread of investments will not apply until 12 months after the later of: (a) the date when the authorisation order in respect of the Sub-Funds takes effect; and (b) the date the initial offer commenced provided that the Manager ensures that each Sub-Fund aims to provide a prudent spread of risk.

1.2 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 Sub-Fund's portfolio and contribution of the underlying investments to the overall risk profile of the Sub-Fund. The details of the risk management process must be notified by the Manager to the FCA in advance and should include the following information:

(1) the types of investments to be used within the relevant Sub-Fund together with their underlying risks and any relevant quantitative limits;

(2) the methods for estimating risks in the portfolio to ensure these are adequately captured; and

(3) the risks relating to the Sub-Fund's other investments are adequately captured.

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

2. **Eligible Assets**

Subject to the investment objective and policy of each Sub-Fund, the property of a Sub-Fund, must only, except where otherwise provided in COLL 5, consist of any one or more of:

(1) transferable securities;

(2) money-market instruments;

(3) units or shares in permitted collective investment schemes;

(4) permitted derivatives and forward transactions;

(5) permitted deposits;

(6) permitted immovables (it is not intended that the Sub-Funds will have a direct interest in any immovable or tangible movable property); and

(7) gold up to a limit of 10% of the property of the Sub-Fund (it is not intended that the Sub-Funds will invest in gold).

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

3. **Transferable Securities and Approved Money-Market Instruments**

3.1 The investments of each Sub-Fund shall consist of one or more of the following:

(1) Transferable Securities and Approved Money-Market Instruments admitted to or dealt in a Regulated Market.

(2) 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.

(3) Transferable Securities and Approved Money-Market Instruments admitted to official listings on or dealt in on other eligible markets.

(4) 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.

3.2 A Transferable Security is eligible for investment if it meets the following criteria:

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

(2) its liquidity does not compromise the Manager's ability to redeem Units;

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

(4) appropriate information about the Transferable Security is available to the market and the Manager;

(5) the Transferable Security is a negotiable instrument; and

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

3.3 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.

3.4 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, of the members making up the federation), the Bank of England, a central bank of an EEA State, the European Central Bank, the European Union 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.

3.5 A Sub-Fund may invest no more than 20% of its scheme property in transferable securities which are not approved securities (aggregated with the value of the scheme property which can be invested in unregulated collective investment schemes) or money-market instruments which are liquid and have a value which can be determined accurately at any time

4. **Eligible Markets**

A market is eligible for the purposes of the FCA 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 Sub-Funds is set out in Annexes I and J to this Prospectus.

5. **Collective Investment Schemes**

5.1 A Sub-Fund may invest up to 100% of its scheme property in units or shares in other collective investment schemes (the "**Second Scheme**") provided the Second Scheme:

(1) is a UK UCITS or a scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or

(2) is authorised in the UK as a Non-UCITS Retail Scheme; or

(3) is a scheme recognised for the purposes of Part XVII of the Act; or

(4) is constituted outside the UK and the investment and borrowing powers of which are the same or more restrictive than those of a Non-UCITS Retail Scheme; or

(5) does not fall within paragraph 5.1(1) to (4) and in respect of which no more than 20% of the scheme property (including any transferable securities which are not approved securities) is invested.

5.2 The Second Scheme must be a scheme which operates on the principle of the prudent spread of risk.

5.3 The Second Scheme must be prohibited from having more than 15% in value of the property of that scheme consisting of units or shares in collective investment schemes.

5.4 The participants in the Second Scheme must be entitled to have their units or shares redeemed in accordance with the scheme at a price related to the net asset value of the property to which the units or shares relate and determined in accordance with the scheme;

5.5 Where the Second Scheme is an umbrella, the provisions in paragraphs 5.1 to 5.4 apply to each sub-fund of the umbrella as if it were a separate scheme.

5.6 Each Sub-Fund may invest up to 100% of its scheme property in the units of UK UCITS and/or other collective investment schemes that are managed by the Manager or by an associate (as defined by the FCA) in which case no subscription or redemption fees may be charged to the Sub-Funds on their investment in the units of such UK UCITS and/or other collective investment scheme in accordance with the rules in the COLL Sourcebook. In addition, the Manager shall normally invest in the units of UK UCITS and/or other collective investment schemes that are managed by the Manager or by an associate on the basis that either no annual management charge will be charged to the Sub-Funds or a full retrocession of the annual management charge shall be returned to the Sub-Funds.

6. **Deposits, Cash and Near Cash**

6.1 A Sub-Fund may invest in deposits only with an Approved Bank which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months**.**

6.2 The investment objective and policy of each Sub-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 Sub-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:

(1) redemption of Units; or

(2) efficient management of the Sub-Fund in accordance with its investment objectives; or

(3) other purposes which may reasonably be regarded as ancillary to the investment objectives of the Sub-Fund; or

(4) pursuit of the Sub-Fund's investment objectives.

6.3 During any initial offer period, the property of the Sub-Fund may consist of cash and near cash without limitation.

7. **Warrants**

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

8. **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 Sub-Funds, at the time when payment is required, without contravening the rules in COLL 5.

9. **General - Derivatives and Forward Transactions**

9.1 The Sub-Funds may use derivatives to hedge market and currency risk for the purposes of efficient portfolio management (as described in paragraph 9.5) and in pursuit of the Sub-Funds' investment objectives.

9.2 The use of derivatives for the purpose of hedging and managing risk and for efficient portfolio management is not intended to increase the risk profile of the Sub-Funds. The Manager uses a risk management process, to monitor and measure as frequently as appropriate the risk of a Sub-Fund's portfolio and contribution of the underlying investments to the overall risk profile of the Sub-Fund.

9.3 However, the use of derivatives may expose the Sub-Funds to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small, relative to size of the contract, so that transactions are geared, as described in paragraph 10.7. A relatively small market movement may have a potentially larger impact on derivatives than in standard bonds or equities.

9.4 The use of derivatives in pursuit of the investment objectives of the Sub-Funds may alter the risk profile of the Sub-Funds and lead to higher volatility in the unit price of the Sub-Funds.

9.5 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:

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

(2) They are entered into for one or more of the following specific aims:

(a) reduction of risk;

(b) reduction of costs; or

(c) generation of additional capital or income for the Sub-Fund with a level of risk which is consistent with the risk profile of the Sub-Fund.

(3) Their risks are adequately captured by the Manager's risk management process.

9.6 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 Sub-Fund's positions and their contribution to the overall risk profile of that Sub-Fund. The details of the risk management process include the information as set out in paragraphs 1.2 and 9 of this Annex K.

10. **Derivatives General**

10.1 A transaction in derivatives or a forward transaction must not be effected for a Sub-Fund unless the transaction is of a kind set out in paragraph 12 of this Annex K, and the transaction is covered, as set out in paragraphs 11.1 to 11.3 of this Annex K.

10.2 Where a Sub-Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread except for index based derivatives where the rules below apply.

10.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this paragraph 10.

10.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

(1) 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 functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

(2) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

(3) it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

10.5 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.

10.6 Where a Sub-Fund invests in an index based derivative, provided the relevant index falls within COLL 5.6.23R (Schemes Replicating an Index) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R.

10.7 The relaxation in paragraph 10.6 is subject to the Manager taking account of COLL 5.6.3 (Prudent Spread of Risk).

10.8 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 Sub-Fund. The Manager applies the Commitment approach to calculate each Sub-Fund's global exposure, except for BlackRock Armed Forces Charities Growth & Income Fund, BlackRock Charities Growth and Income Fund, BlackRock Catholic Charities Growth & Income Fund and BlackRock Charities UK Bond Fund where the Manager applies a Relative VaR approach, and ensures it complies with the investment objectives and policies set out in the relevant Annex A to G.

11. **Cover for transactions in derivatives and forward transactions**

11.1 The Manager will ensure that a transaction in derivatives or forwards is entered into only if the related overall exposure does not exceed the total net asset value of a Sub-Fund.

11.2 The overall exposure is 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.

11.3 Property which is subject to a securities lending transaction (as described in paragraph 19 of this Annex K) is only available for cover if the Manager has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

12. **Permitted Transactions in Derivatives and Forwards**

12.1 A transaction in a derivative must be:

(1) in an approved derivative; or

(2) be one which complies with paragraph 22 of this Annex K.

12.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Sub-Fund is dedicated:

(1) Transferable Securities;

(2) money-market instruments;

(3) deposits;

(4) permitted derivatives under this paragraph 12.2;

(5) collective investment scheme units permitted under paragraph 5 of this Annex K;

(6) permitted immovables;

(7) gold;

(8) financial indices which satisfy the criteria set out below;

(9) interest rates;

(10) foreign exchange rates; and

(11) currencies.

12.3 The exposure to the underlyings in paragraph 12.2 of this Annex K must not exceed the limits relating to spread set out in the COLL Sourcebook.

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

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

12.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of Transferable Securities, money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 14.2 of this Annex K are satisfied.

12.7 Any forward transaction must be with an eligible institution or an Approved Bank.

12.8 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.

13. **Transactions for the purchase of property**

A derivative or forward transaction which will or could lead to the delivery of property for the account of a Sub-Fund may be entered into only if that property can be held for the account of a Sub-Fund, and the Manager having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

14. **Requirement to cover sales**

14.1 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.

14.2 A sale is not to be considered as uncovered if:

(A) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or

(B) the Manager or the Trustee has the right to settle the derivative in cash, and cover exists within the scheme property which falls within one of the following asset classes:

(a) cash;

(b) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or

(c) other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

14.3 In the asset classes referred to in paragraph 14.2 of this Annex K are satisfied, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

15. **Financial indices underlying derivatives**

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

(1) the index is sufficiently diversified;

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

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

15.2 A financial index is sufficiently diversified if:

(1) 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;

(2) where it is composed of assets in which a Sub-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 paragraph 15; and

(3) where it is composed of assets in which a Sub-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 paragraph 15.

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

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

(2) 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

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

15.4 A financial index is published in an appropriate manner if:

(1) 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

(2) 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.

15.5 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 paragraph 12.2 of this Annex K, be regarded as a combination of those underlyings.

15.6 Property which is subject to a securities lending transaction (as described in paragraph 19 of this Annex K) is only available for cover if the Manager has taken reasonable care to determine that it is obtainable (by return or reacquisition) in time to meet the obligation for which cover is required.

16. **Spread Limits**

16.1 This rule on spread does not apply to government and public securities.

16.2 Not more than 20% in value of the scheme property of a Sub-Fund is to consist of deposits with a single body.

16.3 Not more than 10% in value of the scheme property of a Sub-Fund is to consist of transferable securities or money-market instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).

16.4 Without prejudice to the limits stated at paragraph 16.2, the limits laid down above is raised to a maximum of 20% for investment in equity and/or debt securities issued by the same body when the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain equity or debt securities index on the following basis:

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

(B) the index is a representative benchmark for the market to which it refers; and

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

16.5 An index represents a representative 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).

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

16.7 The limit of 10% in paragraph 16.3 of this Annex K is raised to 25% in value of the scheme property of the Sub-Fund in respect of covered bonds.

16.8 In applying paragraph 16.3 of this Annex K, certificates representing certain securities are to be treated as equivalent to the underlying security.

16.9 Apart from the BlackRock Charities Growth & Income Fund, BlackRock Armed Forces Charities Growth & Income Fund and the BlackRock Catholic Charities Growth & Income Fund not more than 10% in value of the scheme property of a Sub-Fund is to consist of the units or shares of any one collective investment scheme.

16.10 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the scheme property of a Sub-Fund.

16.11 For the purpose of calculating the limit in paragraph 16.10 of this Annex K, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:

(1) it is marked-to-market on a daily basis and exceeds the value of the amount at risk;

(2) it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;

(3) it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and

(4) can be fully enforced by a Sub-Fund at any time.

16.12 For the purposes of calculating the limits in paragraph 16.10 of this Annex K. OTC derivative positions with the same counterparty may be netted provided that the netting procedures:

(1) comply with the conditions set out in Part Three, Title II, Chapter 6, Section 7 (Contracts for novation and other netting agreements)) of Regulation of the European Parliament and the Council on prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013) and amending Regulation (EU) No 648/2012, which is part of UK law by virtue of the EUWA; and

(2) are based on legally binding agreements.

16.13 In applying this paragraph (Spread: general), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:

(1) it is backed by an appropriate performance guarantee; and

(2) it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

17. **Spread: Government and Public Securities**

17.1 The following section applies to government and public securities ("**such securities**").

17.2 Where no more than 35% in value of the scheme property of a Sub-Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

17.3 A Sub-Fund may invest more than 35% in value of the scheme property in such securities issued by any one body provided that:

(1) the Manager has before any such investment is made consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of a Sub-Fund;

(2) no more than 30% in value of the scheme property consists of such securities of any one issue; and

(3) the scheme property of a Sub-Fund includes such securities issued by that or another issuer, of at least six different issues.

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

(1) the Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly and the National Assembly of Wales);

(2) 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;

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

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

18. **Borrowing**

18.1 The Trustee (on the instructions of the Manager) may, in accordance with this section 18, borrow money for the use of the Sub-Funds on terms that the borrowing is to be repayable out of the scheme property. This power to borrow is subject to the obligation of the Sub-Funds to comply with any restriction in the Deed. The Trustee may borrow only from an Eligible Institution or an Approved Bank.

18.2 The Manager must ensure a Sub-Fund's borrowing does not, on any Business Day, exceed 10% of the value of the scheme property of the Sub-Fund.

18.3 None of the money in the scheme property of the Sub-Fund may be lent and, for the purposes of this prohibition, money is lent by the Sub-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.

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

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

18.6 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 a Sub-Fund in accordance with any other of the rules in COLL 5.

18.7 A Sub-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 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.

19. **Securities lending**

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

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

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

Where a Sub-Fund enters into arrangements through which collateral is reinvested, this should be taken into account for the purposes of measuring a Sub-Fund's overall exposure.

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

(1) transferred to the Trustee or its agent;

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

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

(a) cash; or

(b) a certificate of deposit; or

(c) a letter of credit; or

(d) a readily realisable security; or

(e) commercial paper with no embedded derivative content; or

(f) a qualifying money-market fund.

Where the collateral is invested in units or shares of a qualifying money-market fund managed or operated by the Manager or an associate of the Manager, the conditions of paragraph 5.4 of this Annex K 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 Sub-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 Sub-Fund's property for the purpose of the COLL Sourcebook except in the following respects:

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

(5) it does not comprise the Sub-Fund's property for the purpose of any investment and borrowing powers set out in this Annex K except for the purpose of this section 19.

20. **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 Sub-Fund.

This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.

The exposure of the Sub-Funds 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 20.

21. **Guarantees and indemnities**

The Trustee for the account of the Sub-Funds must not provide any guarantee or indemnity in respect of the obligation of any person.

None of the property of the Sub-s 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 21.

22. **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:

(1) with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:

(a) an Eligible Institution or an Approved Bank; or

(b) 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

(c) a CCP that is authorised in that capacity for the purpose of EMIR; or

(d) a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or

(e) 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;

(2) on approved terms; the terms of the transaction in derivatives are approved only if, the Manager:

(a) 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

(b) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;

(3) 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

(4) 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 Sub-Fund's assets.

ANNEX L: BLACKROCK FUND MANAGERS LIMITED OTHER AUTHORISED 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 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 Sustainable 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

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