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# **Interim report and unaudited financial statements**

BlackRock Asia Fund

For the six months ended 31 August 2023

NM1023U-3202782-1/16

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# General Information

## Manager & Registrar

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

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

## Directors of the Manager

G D Bamping\*  
S Corrigan (Resigned 2 May 2023)  
W I Cullen\*  
D Edgar  
K Henry (Appointed 3 March 2023)  
A M Lawrence  
H N Mephram  
S Sabin (Appointed 18 August 2023)  
M T Zemek\*

## Trustee & Custodian

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

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

## Investment Manager

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

Authorised and regulated by the FCA.

## Investment Adviser

BlackRock Asset Management North Asia Limited  
16/F Champion Tower, 3 Garden Road, Central, Hong Kong

Regulated by the Securities and Futures Commission.

## Stock Lending Agent

BlackRock Advisors (UK) Limited  
12 Throgmorton Avenue, London EC2N 2DL

Authorised and regulated by the FCA

## Auditor

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

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

## This Report relates to the packaged products of and is issued by:

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12 Throgmorton Avenue, London EC2N 2DL  
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**For your protection, telephone calls are usually recorded.**

\* Non-executive Director.

## About the Fund

BlackRock Asia Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was authorised on 17 June 2013 and was established on 28 June 2013. The Fund's FCA product reference number is 599967.

### Assessment of value

The FCA requires UK fund managers to complete an annual assessment of whether their UK authorised funds provide value for investors. Our assessment considers fund and unit class level performance, costs and charges, and service quality, concluding with an evaluation of whether investors receive value. BlackRock has fulfilled its obligations for the reporting requirement, including assessing relevant charges, and published the annual assessment of value statements on the BlackRock website on 31 October 2022 in a composite report for all funds managed by BlackRock Fund Managers Limited subject to these requirements. The next annual assessment is due for publication by the end of October 2023.

## Fund Managers

As at 31 August 2023, the fund managers were Stephen Andrews and Lucy Liu.

## Significant Events


### Changes in the Directors of the Manager

K Henry was appointed as a Director effective 3 March 2023.

S Corrigan resigned as a Director effective 2 May 2023.

S Sabin was appointed as a Director effective 18 August 2023.

## Risk and Reward Profile

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

- The risk indicator was calculated incorporating historical or simulated historical data and may not be a reliable indication of the future risk profile of the Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest category does not mean risk free.

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

# Investment Manager’s Report

for the six months ended 31 August 2023

## Investment Objective

The aim of the Fund is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund) (gross of fees) over the long term (5 or more consecutive years beginning at the point of investment) by investing in equities (i.e. shares) of companies based in Asia, excluding Japan.

Comparator benchmark	Investment management approach
MSCI All Country Asia ex Japan Index	Active

## Performance Summary

The following table compares the Fund’s realised performance against the performance of the comparator benchmark during the financial period ended 31 August 2023.

	Fund return %	Comparator benchmark %
Class D Accumulation Units	(4.80)	(3.04)

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

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

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

## Global Economic Overview

Global equities, as represented by the MSCI All Country World Index (“ACWI”), returned 5.37% (in GBP terms) during the six months ended 31 August 2023. Equities recovered from pessimism induced by high inflation (the rate of increase in the prices of goods and services) and rising interest rates, although inflation has begun to slow down in many parts of the world. Indicators of continued resilience, such as robust consumer spending and tight labour markets, tempered investors’ concerns about slowing global economic growth.

# Investment Manager's Report continued

The US economy grew strongly in the first six months of 2023 as both consumer and government spending rose, and consumers showed signs of growth in continued spending in July and August 2023. While several prominent regional banks failed during the period, prompt government action limited the impact on the wider economy. The US jobs market continued to show strength, and unemployment remained at historically low levels. In Japan, the economy accelerated during the first six months of 2023, and the government lifted strict border controls although exports declined near the end of the period under review. The UK economy was nearly flat in the first six months of 2023 before contracting in July 2023 amid weakness in exports as global trade cooled. Modest growth resumed in the Eurozone in the first six months of 2023, but high interest rates continued to weigh on the region's economy and retail sales fell in July 2023. UBS's takeover of the failed Credit Suisse at the behest of regulators stabilised markets.

Most emerging market economies continued to expand, although fluctuating commodity prices and the higher interest rate environment presented significant economic challenges. The Chinese economy grew at a slow pace relative to the country's historical rate while falling consumer prices raised concerns about deflation (general decline of the price level of goods and services).

The world's largest central banks continued to implement measures aimed at monetary policy tightening, although the pace of tightening slowed in some regions. The US Federal Reserve ("the Fed") raised interest rates three times, pausing once before resuming with another increase at its July 2023 meeting. However, this represented a significantly slower pace of interest rate increases compared to the sharp tightening seen during the second half of 2022 from the Fed. The Fed also continued to reduce some of the accumulated bond holdings on its balance sheet.

The Bank of England ("BoE") raised interest rates four times, as inflation remained high despite showing some signs of easing. The European Central Bank ("ECB") also increased interest rates at each of its four meetings in an effort to control rising prices in the Eurozone. Furthermore, the ECB began to reduce the size of its balance sheet in March 2023 by allowing some of its outstanding bonds to mature without reinvestment.

Global equity performance was positive overall, as inflationary pressure eased and the global economy continued to grow despite slowdown in some regions. US stocks surged as the Fed tightening slowed and innovations in the technology sector drove significant gains. European stocks performed well as tourism rebounded strongly, supporting consumer spending. Meanwhile, Asian stocks gained as Japan's economy picked up and investor interest in semiconductor companies surged. Equities in emerging markets also gained, helped by the slowing pace of interest rate increases.

Global bond prices (which move inversely to yields) rose slightly overall, as moderating inflation led investors to anticipate an end to the current monetary policy tightening cycle. US treasury prices rose fractionally, sustained by the changing economic environment, as well as the failure of several US banks and subsequent government intervention. UK gilt prices declined slightly, as large borrowing requirements and persistent inflation raised concerns among investors. European government bonds gained slightly, while Japanese government bond prices were volatile, driven by periodic substantial purchases from The Bank of Japan to keep yields within its yield cap. Global corporate bond prices advanced as continued resilience in the global economy drove investor optimism and both high-yield and investment-grade bonds gained.

In the commodities markets, Brent crude oil prices rose moderately as several large oil producing and exporting countries cut production levels. European natural gas prices remained steady, having retreated significantly from the highs following Russia's invasion of Ukraine. Gold prices rose amid the slowing pace of Fed interest rate increases and elevated inflation.

# Investment Manager’s Report continued

In the foreign exchange markets, the US dollar performance was mixed against other global currencies. The euro and sterling appreciated relative to the US dollar, while the Japanese yen and Chinese yuan declined. Continued interest rate increases from the ECB and BoE, even as the Fed slowed its pace of interest rate hikes, drove the increase in the relative value of the euro and sterling.

## Fund Performance Review and Activity

Over the six month period to 31 August 2023, the Fund’s performance return was (4.80%) and the active return was (1.76%), regrettably underperforming its comparator benchmark which returned (3.04%) (active return is the difference between the Fund’s return and the comparator benchmark return).

The Asia ex Japan-market rose by 1.5% during the period, with the best performers being India and South Korea, with the former driven by strong foreign fund flows and the latter driven by the global generative artificial intelligence (“AI”) trend. China performed the worst amid growth concerns with weaker than expected macro conditions and disappointing consumption recovery post COVID-19 re-opening in China.

The Fund underperformed its benchmark during the period. Security selection and overweight stock selections in China were the main detractors. On the other hand, stock selection in Indonesia contributed to performance. At a sector level, security selection in the Industrials sector were the largest detractor, while security selection in the communication services sector contributed to performance.

During the six month period the following were the largest contributors to and detractors from the Fund’s return relative to the comparator benchmark:

Largest Contributors		Largest Detractors	
Stock	Effect on Fund return	Stock	Effect on Fund return
Accton Technology <sup>#</sup>	0.63%	ENN Energy <sup>#</sup>	(0.84%)
PetroChina <sup>#</sup>	0.50%	Li Ning <sup>#</sup>	(0.57%)
		Longi Green Energy Technology <sup>#</sup>	(0.55%)
NetEase <sup>#</sup>	0.44%	China Mengniu Dairy <sup>#</sup>	(0.46%)
Cipla <sup>#</sup>	0.40%	China Merchants Bank <sup>#</sup>	(0.37%)
Godrej Properties <sup>#</sup>	0.36%		

<sup>#</sup> Overweight position - holds more exposure than the comparator benchmark.

Accton Technology, a Taiwanese server manufacturer, was the top contributor. The stock rallied due to increased demand for high-capacity systems to support AI networks. Chinese gas producer ENN Energy underperformed. The first half results for 2023 were disappointing with gas volumes being well below previous guidance.

# Investment Manager's Report continued

The following table details the significant active positions, where the Fund was overweight (held more exposure than the comparator benchmark) and underweight (held less exposure than the comparator benchmark), at 31 August 2023 and 28 February 2023:

Top overweight positions			
31 August 2023		28 February 2023	
Country	Active Weighting	Country	Active Weighting
Multi-country (Pan-Asia)	3.49%	China	4.79%
Hong Kong	2.20%	Multi-country (Pan-Asia)	2.61%
Indonesia	1.50%	Indonesia	1.07%

Top underweight positions			
31 August 2023		28 February 2023	
Country	Active Weighting	Country	Active Weighting
Korea	(3.09%)	India	(3.85%)
China	(2.65%)	Taiwan	(1.16%)
Taiwan	(1.45%)	South Korea	(1.15%)

Where the Fund is underweight to a country, the return from such country will have an opposite effect on the Fund's active return. This may result in a country being listed as a contributor/detractor but not listed on the Fund's Portfolio Statement.

At a country level, the most significant change during the period was the move from being overweight China to being underweight. This was driven by growth concerns with weaker than expected macro conditions and disappointing consumption recovery post COVID-19 re-opening in China. The Fund also neutralised its underweight position on India by adding to the information technology sector, turning more positive towards India due to improving balance of payments and stronger monetary policies.

From a sector perspective, the Fund increased its overweight in information technology sector during the period. The Fund added to AI-related companies as well as Indian IT services companies to reduce the underweight position in India. The Fund increased its underweight in the consumer discretionary sector after trimming Chinese positions. The Fund moved from being underweight to a slight overweight in both the communication services and health care sectors as it added to AI beneficiaries within the Communication Services sector and a preferred India healthcare company, Cipla Limited, in the health care sector.

## Net Asset Value

At 31 August 2023	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Accumulation	122,505	223	181.8
D Accumulation	6,966,948	13,675	196.3
S Income	100	–	85.29
S Accumulation	100	–	88.21
Z Income	608,359	864	142.1
Z Accumulation	195,200	305	155.9

## Distributions Payable for the period to 31 August 2023

Unit Class	Distribution payable on 31.10.2023 Pence per Unit
A Accumulation	1.6177
D Accumulation	2.4957
S Income	1.2300
S Accumulation	1.2300
Z Income	1.9761
Z Accumulation	2.1310

## Operating Charges

Unit Class	1.3.2023 to 31.8.2023	1.3.2022 to 28.2.2023
A Accumulation	1.73%	1.73%
D Accumulation	0.98%	0.98%
S Income	0.90%	0.90%
S Accumulation	0.90%	0.90%
Z Income	0.78%	0.78%
Z Accumulation	0.78%	0.78%

Operating charges are annualised and exclude portfolio trade-related costs, except costs paid to the custodian/depositary and entry/exit charges paid to an underlying collective investment scheme (if any).

# Portfolio Statement (unaudited)

at 31 August 2023

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>EQUITIES – 99.12%; 28.2.2023 100.33%</b>			
<b>China – 29.00%; 28.2.2023 35.53%</b>			
1,063	Alibaba	78	0.52
90,248	Alibaba	818	5.43
10,580	Asymchem Laboratories Tianjin	152	1.01
28,250	Baidu	396	2.63
81,000	China Mengniu Dairy	215	1.43
56,000	China Merchants Bank	174	1.15
73,800	China Yangtze Power	176	1.17
129,000	CMOC	61	0.40
163,227	CMOC	101	0.67
30,200	ENN Energy	187	1.24
70,300	Haier Smart Home	179	1.19
9,100	Jiangsu Yanghe Brewery Joint-Stock	132	0.88
56,164	LONGi Green Energy Technology	161	1.07
18,700	NetEase	308	2.04
20,200	Tencent	660	4.38
24,700	WuXi AppTec	218	1.45
55,374	Zhejiang Sanhua Intelligent Controls	177	1.17
60,100	Zijin Mining	80	0.53
78,000	Zijin Mining	97	0.64
		<b>4,370</b>	<b>29.00</b>
<b>Hong Kong – 12.79%; 28.2.2023 12.67%</b>			
61,400	AIA	439	2.91
107,500	BOC Hong Kong	236	1.57
81,777	China Resources Land	273	1.81
50,000	CK Hutchison	215	1.43
46,000	Galaxy Entertainment	240	1.59
258,000	Guangdong Investment	159	1.06
44,039	Link REIT	172	1.14
19,716	Prudential	193	1.28
		<b>1,927</b>	<b>12.79</b>
<b>India – 15.30%; 28.2.2023 9.72%</b>			
44,232	Axis Bank	409	2.71
24,686	Cipla	295	1.96
12,460	Godrej Properties	195	1.29
15,031	HDFC Bank	226	1.50
23,919	Infosys	327	2.17
18,631	Jio Financial Services	43	0.29
58,899	Mahindra & Mahindra Financial Services	167	1.11
18,631	Reliance Industries	427	2.83
27,869	SBI Cards & Payment Services	217	1.44
		<b>2,306</b>	<b>15.30</b>

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Indonesia – 3.84%; 28.2.2023 3.29%</b>			
657,200	Bank Central Asia	311	2.06
860,300	Bank Mandiri Persero	268	1.78
		<b>579</b>	<b>3.84</b>
<b>Malaysia – 2.03%; 28.2.2023 1.94%</b>			
104,900	Malayan Banking	162	1.07
200,300	Public Bank	144	0.96
		<b>306</b>	<b>2.03</b>
<b>Singapore – 3.69%; 28.2.2023 3.56%</b>			
47,800	Oversea-Chinese Banking	350	2.32
148,400	Singapore Telecommunications	206	1.37
		<b>556</b>	<b>3.69</b>
<b>South Korea – 11.33%; 28.2.2023 12.16%</b>			
8,526	Hanwha Solutions	185	1.23
7,091	Samsung Electronics	228	1.51
22,477	Samsung Electronics	897	5.95
660	Samsung SDI	241	1.60
1,487	SK Innovation	157	1.04
		<b>1,708</b>	<b>11.33</b>
<b>Taiwan – 15.80%; 28.2.2023 16.17%</b>			
18,000	Accton Technology	213	1.41
31,000	Delta Electronics	266	1.77
3,000	eMemory Technology	134	0.89
31,868	Hiwin Technologies	161	1.07
11,000	Lotes	236	1.57
89,000	Taiwan Semiconductor Manufacturing	1,210	8.03
13,245	Yageo	159	1.06
		<b>2,379</b>	<b>15.80</b>
<b>Thailand – 1.41%; 28.2.2023 1.26%</b>			
144,700	CP ALL	213	1.41
<b>United Kingdom – 0.00%; 28.2.2023 1.07%</b>			
<b>United States of America – 3.93%; 28.2.2023 2.96%</b>			
5,506	Air Lease	176	1.17
1,047	Albemarle	164	1.09
4,453	Cognizant Technology Solutions	251	1.67
		<b>591</b>	<b>3.93</b>
<b>COLLECTIVE INVESTMENT SCHEMES – 1.06%; 28.2.2023 1.08%</b>			
<b>Short-term Money Market Funds – 1.06%; 28.2.2023 1.08%</b>			
1,591	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class†	159	1.06

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
<b>DERIVATIVES – 0.00%; 28.2.2023 0.00%</b>				
<b>Contracts for differences ("CFDs") Long – 0.00%; 28.2.2023 0.00%</b>				
121	Axis Bank		6	– 0.00
700	Oversea-Chinese Banking		5	– 0.00
			<b>11</b>	<b>– 0.00</b>
<b>Portfolio of investments</b>			<b>15,094</b>	<b>100.18</b>
Net other liabilities			(27)	(0.18)
<b>Total net assets</b>			<b>15,067</b>	<b>100.00</b>

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

The CFDs shown in the portfolio statement starting on page 11 are expressed at both their mark-to-market and original notional which when added together represent the current notional value of the CFDs. The current notional value of a CFD represents the reference amount used to calculate payments between the counterparties to the CFD. The full notional value represents the economic interest in the security underlying the CFD, but does not change hands in full between the counterparties.

<sup>†</sup> Managed by a related party.

## Statement of Total Return (unaudited)

for the six months ended 31 August 2023

	£000's	31.8.2023 £000's	£000's	31.8.2022 £000's
Income				
Net capital losses		(1,118)		(2,275)
Revenue	337		1,164	
Expenses	(78)		(348)	
Interest payable and similar charges	–		(8)	
Net revenue before taxation	259		808	
Taxation	(59)		(91)	
Net revenue after taxation		200		765
Total return before distributions		(918)		(1,558)
Distributions		(235)		(717)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(1,153)</b>		<b>(2,323)</b>

## Statement of Change in Net Assets Attributable to Unitholders

(unaudited) for the six months ended 31 August 2023

	£000's	31.8.2023 £000's	£000's	31.8.2022 £000's
<b>Opening net assets attributable to unitholders</b>		23,659		95,097
Amounts receivable on issue of units	839		4,344	
Amounts payable on cancellation of units	(8,458)		(48,294)	
		(7,619)		(43,950)
Change in net assets attributable to unitholders from investment activities		(1,153)		(2,323)
Retained distribution on accumulation units		180		440
<b>Closing net assets attributable to unitholders</b>		<b>15,067</b>		<b>49,264</b>

The above statement shows the comparative closing net assets at 31 August 2022 whereas the current accounting period commenced 1 March 2023.

# Balance Sheet (unaudited)

at 31 August 2023

	31.8.2023 £000's	28.2.2023 £000's
<b>Assets:</b>		
Fixed assets		
– Investment assets	15,094	23,993
Current assets		
– Debtors	152	107
– Cash and bank balances	50	74
<b>Total assets</b>	<b>15,296</b>	<b>24,174</b>
<b>Liabilities:</b>		
Creditors		
– Distributions payable	(12)	(8)
– Other creditors	(217)	(507)
<b>Total liabilities</b>	<b>(229)</b>	<b>(515)</b>
<b>Net assets attributable to unitholders</b>	<b>15,067</b>	<b>23,659</b>

G D Bamping (Director)

M T Zemek (Director)

BlackRock Fund Managers Limited

26 October 2023

# Notes to Financial Statements (unaudited)

for the six months ended 31 August 2023

## Accounting Policies

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

The accounting policies applied are consistent with those of the financial statements for the year ended 28 February 2023 and are described in those annual financial statements.

# About us

BlackRock is a premier provider of asset management, risk management, and advisory services to institutional, intermediary, and individual clients worldwide. As of 30 September 2023, the firm manages £7.18 trillion across asset classes in separate accounts, mutual funds, other pooled investment vehicles, and the industry-leading iShares® exchange-traded funds.

Through BlackRock Solutions®, the firm offers risk management and advisory services that combine capital markets expertise with proprietary-developed analytics, systems, and technology.

BlackRock serves clients in North and South America, Europe, Asia, Australia, Africa, and the Middle East. Headquartered in New York, the firm maintains offices in over 38 countries around the world.

## Want to know more?

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