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# **Interim report and unaudited financial statements**

BlackRock Continental European Income  
Fund

For the six months ended 31 August 2023

NM1023U-3203010-1/21

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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.

## Stock Lending Agent

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

Authorised and regulated by the FCA

## Auditor

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

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

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

BlackRock Fund Managers Limited  
12 Throgmorton Avenue, London EC2N 2DL  
Telephone: 020 7743 3000  
Dealing and Investor Services: 0800 44 55 22  
[www.blackrock.co.uk](http://www.blackrock.co.uk)

**For your protection, telephone calls are usually recorded.**

\* Non-executive Director.

## About the Fund

BlackRock Continental European Income Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 6 May 2011. The Fund's FCA product reference number is 542061.

### 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 Brian Hall and Andreas Zoellinger.

## 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 Income	1	2	3	4	5	6	7
A Accumulation	1	2	3	4	5	6	7
X Income	1	2	3	4	5	6	7
X Accumulation	1	2	3	4	5	6	7
D Income	1	2	3	4	5	6	7
D Accumulation	1	2	3	4	5	6	7
A Income Hedged	1	2	3	4	5	6	7
A Accumulation Hedged	1	2	3	4	5	6	7
D Income Hedged	1	2	3	4	5	6	7
D Accumulation Hedged	1	2	3	4	5	6	7

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

For more information on this, please see the Fund's Key Investor Information Documents ("KIIDs"), which are available at [www.blackrock.com](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 an above average income return (gross of fees) from its equity investments (i.e. shares), compared to the income produced by European equity markets (excluding the UK) as represented by FTSE World Europe Ex UK Index (i.e. a level of income which exceeds that produced by the constituents of the index), without sacrificing capital growth (i.e. the value of the assets held by the Fund) over the long term (5 or more consecutive years beginning at the point of investment).

Target benchmark	Investment management approach
FTSE All World Developed Europe ex UK Index	Active

## Performance Summary

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

	Fund return %	Target benchmark %
Class D Accumulation Units	(2.23)	0.43

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 target 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 (2.23%) and the active return was (2.66%), very regrettably underperforming its target benchmark which returned 0.43% (active return is the difference between the Fund's return and the target benchmark return).

The period was volatile for European equities as investors remained focused on macroeconomic headlines. Competing narratives around peak in interest rates and an acceptable economic slowdown versus deteriorating macroeconomic data led to a lack of clear direction in the market. Health care and technology sectors were the strongest, while telecoms and real estate fell.

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

Largest Contributors		Largest Detractors	
Stock	Effect on Fund return	Stock	Effect on Fund return
Engie <sup>#</sup>	0.39%	Tele2 <sup>#</sup>	(1.18%)
Royal Unibrew <sup>#</sup>	0.36%	ALD <sup>#</sup>	(0.78%)
CRH <sup>#</sup>	0.34%	Tryg <sup>#</sup>	(0.67%)
Novo Nordisk <sup>#</sup>	0.29%	Nordea Bank <sup>#</sup>	(0.66%)
Inditex <sup>#</sup>	0.26%	EuroAPI <sup>#</sup>	(0.45%)

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

Consumer names were additive to returns with Royal Unibrew starting to recover after underperformance related to high energy prices and Zara owner Inditex reporting very strong sales during the period. Shares in utility company Engie were up due to a strong dividend payment while buildings materials supplier CRH delivered strong operational performance. Diabetes specialist Novo Nordisk reported strong trial results suggesting that their obesity drug Wegovy can help reduce major adverse cardiovascular events.

Negative contribution came from the insurance sector, including Tryg, as the sector saw weakness following a strong 2022. Elsewhere in financials, Nordea Bank fell due to the banks fall-out in March 2023 despite limited fundamental news. Swedish telecoms name Tele2 reported weaker results with revenues and sales below expectations and EuroAPI also reported weaker than expected margin guidance for 2023. Leasing company ALD was behind as results flagged that the integration of acquired business, Leaseplan was taking longer than expected.



# Investment Manager's Report continued

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

Top overweight positions			
31 August 2023		28 February 2023	
Stock	Active Weighting	Stock	Active Weighting
Sampo	3.50%	Volvo	3.70%
Tryg	3.30%	Nordea Bank	3.70%
Vinci	3.20%	Tryg	3.40%

Top underweight positions			
31 August 2023		28 February 2023	
Stock	Active Weighting	Stock	Active Weighting
Novartis	(2.60%)	Novartis	(2.20%)
Allianz	(1.20%)	SAP	(1.70%)
L'Air Liquide	(1.20%)	Siemens	(1.50%)

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

## Net Asset Value

At 31 August 2023	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	9,478,070	15,132	159.7
A Accumulation	3,199,388	8,367	261.5
X Income	22,617,505	25,829	114.2
X Accumulation	433,105	846	195.4
D Income	609,883,252	1,066,983	175.0
D Accumulation	111,786,603	321,014	287.2
A Income Hedged	1,000	1	119.6
A Accumulation Hedged	1,000	2	165.6
D Income Hedged	15,858,573	20,099	126.7
D Accumulation Hedged	5,351,828	8,982	167.8

## Distributions Payable for the period to 31 August 2023

Unit Class	Distribution payable on 31.10.2023 Pence per Unit
A Income	0.5399
A Accumulation	0.8801
X Income	0.3792
X Accumulation	0.6469
D Income	0.5908
D Accumulation	0.9669
A Income Hedged	0.2270
A Accumulation Hedged	0.5700
D Income Hedged	0.4276
D Accumulation Hedged	0.5646

## Operating Charges

Unit Class	1.3.2023 to 31.8.2023	1.3.2022 to 28.2.2023
A Income	1.66%	1.67%
A Accumulation	1.67%	1.66%
X Income	0.02%	0.02%
X Accumulation	0.03%	0.03%
D Income	0.91%	0.91%
D Accumulation	0.92%	0.91%
A Income Hedged	1.66%	1.67%
A Accumulation Hedged	1.66%	1.70%
D Income Hedged	0.91%	0.91%
D Accumulation Hedged	0.91%	0.91%

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 – 97.58%; 28.2.2023 99.24%</b>			
<b>Belgium – 1.04%; 28.2.2023 2.85%</b>			
839,152	Azelis	14,463	0.99
13,124	KBC	686	0.05
		<b>15,149</b>	<b>1.04</b>
<b>Denmark – 12.18%; 28.2.2023 12.62%</b>			
245,407	Carlsberg	28,590	1.95
487,342	Novo Nordisk	71,944	4.90
411,136	Royal Unibrew <sup>o</sup>	28,431	1.94
3,309,895	Tryg <sup>o</sup>	49,720	3.39
		<b>178,685</b>	<b>12.18</b>
<b>Finland – 6.03%; 28.2.2023 6.97%</b>			
1,569,498	Sampo <sup>o</sup>	54,692	3.73
1,248,280	UPM-Kymmene <sup>o</sup>	33,780	2.30
		<b>88,472</b>	<b>6.03</b>
<b>France – 29.20%; 28.2.2023 30.53%</b>			
4,552,696	ALD	35,172	2.40
594,957	BNP Paribas	30,593	2.08
928,870	Cie de Saint-Gobain <sup>o</sup>	47,644	3.25
3,300,610	Engie	42,372	2.89
54,125	L'Oreal	18,852	1.28
50,510	LVMH Moet Hennessy Louis Vuitton	34,371	2.34
84,829	Pernod Ricard	13,485	0.92
696,506	Sanofi <sup>o</sup>	59,381	4.05
219,989	Schneider Electric	30,090	2.05
305,371	Thales	35,191	2.40
474,276	TotalEnergies <sup>o</sup>	23,558	1.61
651,135	Vinci	57,708	3.93
		<b>428,417</b>	<b>29.20</b>
<b>Germany – 9.16%; 28.2.2023 4.38%</b>			
109,473	Merck	15,577	1.06
145,483	MTU Aero Engines	26,945	1.84
810,759	RWE	26,876	1.83
287,672	SAP	31,849	2.17
277,736	Siemens	33,212	2.26
		<b>134,459</b>	<b>9.16</b>
<b>Ireland – 2.00%; 28.2.2023 0.00%</b>			
645,856	CRH	<b>29,351</b>	<b>2.00</b>

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Italy – 2.49%; 28.2.2023 3.27%</b>			
1,872,319	UniCredit	<b>36,483</b>	<b>2.49</b>
<b>Netherlands – 5.37%; 28.2.2023 5.31%</b>			
91,312	ASML	48,183	3.28
873,532	ASR Nederland	30,597	2.09
		<b>78,780</b>	<b>5.37</b>
<b>Norway – 0.00%; 28.2.2023 2.43%</b>			
<b>Spain – 1.27%; 28.2.2023 3.15%</b>			
613,970	Industria de Diseno Textil	<b>18,699</b>	<b>1.27</b>
<b>Sweden – 6.85%; 28.2.2023 6.93%</b>			
670,335	Alfa Laval	18,566	1.27
1,588,142	Epiroc <sup>o</sup>	24,060	1.64
5,112,408	Tele2	28,777	1.96
1,801,843	Volvo	29,017	1.98
		<b>100,420</b>	<b>6.85</b>
<b>Switzerland – 17.74%; 28.2.2023 16.37%</b>			
89,044	Lonza	38,918	2.65
706,293	Nestle	67,061	4.57
200,924	Roche	46,992	3.20
130,886	Sika	29,142	1.99
912,696	STMicroelectronics	34,184	2.33
118,380	Zurich Insurance	44,038	3.00
		<b>260,335</b>	<b>17.74</b>
<b>United Kingdom – 2.03%; 28.2.2023 4.43%</b>			
1,151,497	RELX	<b>29,778</b>	<b>2.03</b>
<b>United States of America – 2.22%; 28.2.2023 0.00%</b>			
106,951	Linde	<b>32,648</b>	<b>2.22</b>
<b>COLLECTIVE INVESTMENT SCHEMES – 2.03%; 28.2.2023 0.51%</b>			
<b>Short-term Money Market Funds – 2.03%; 28.2.2023 0.51%</b>			
298,546	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class <sup>†</sup>	<b>29,847</b>	<b>2.03</b>

# 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>Forward Currency Contracts – 0.00%; 28.2.2023 0.00%</b>				
DKK 33,982,749	Danish Krone vs UK Sterling	3,914	(4)	0.00
€ 21,534,881	Euro vs UK Sterling	18,465	(30)	0.00
SEK 37,002,143	Swedish Krona vs UK Sterling	2,675	6	0.00
CHF 5,683,213	Swiss Franc vs UK Sterling	5,091	(20)	0.00
£ 7,461,024	UK Sterling vs Danish Krone	7,448	7	0.00
£ 35,521,641	UK Sterling vs Euro	35,498	24	0.00
£ 4,704,642	UK Sterling vs Swedish Krona	4,657	47	0.00
£ 9,548,199	UK Sterling vs Swiss Franc	9,509	35	0.00
£ 1,328,629	UK Sterling vs US Dollar	1,336	(4)	0.00
US\$884,718	US Dollar vs UK Sterling	694	(6)	0.00
		<b>89,287</b>	<b>55</b>	<b>0.00</b>
<b>Portfolio of investments</b>			<b>1,461,578</b>	<b>99.61</b>
Net other assets			5,677	0.39
<b>Total net assets</b>			<b>1,467,255</b>	<b>100.00</b>

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

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

The counterparty for the forward currency contracts is Bank of New York Mellon International.

<sup>0</sup> All or a portion of this investment represents a security on loan.

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

## Statement of Total Return (unaudited)

for the six months ended 31 August 2023

	31.8.2023	31.8.2022
£000's	£000's	£000's
Income		
Net capital losses	(85,329)	(51,792)
Revenue	60,365	52,434
Expenses	(7,169)	(6,996)
Interest payable and similar charges	(21)	(9)
Net revenue before taxation	53,175	45,429
Taxation	(4,822)	(4,387)
Net revenue after taxation	48,353	41,042
Total return before distributions	(36,976)	(10,750)
Distributions	(55,470)	(47,988)
<b>Change in net assets attributable to unitholders from investment activities</b>	<b>(92,446)</b>	<b>(58,738)</b>

## Statement of Change in Net Assets Attributable to Unitholders

(unaudited) for the six months ended 31 August 2023

	31.8.2023	31.8.2022
£000's	£000's	£000's
<b>Opening net assets attributable to unitholders</b>	<b>1,586,058</b>	<b>1,530,022</b>
Amounts receivable on issue of units	215,170	229,713
Amounts payable on cancellation of units	(255,629)	(265,645)
	(40,459)	(35,932)
Change in net assets attributable to unitholders from investment activities	(92,446)	(58,738)
Retained distribution on accumulation units	14,102	10,152
<b>Closing net assets attributable to unitholders</b>	<b>1,467,255</b>	<b>1,445,504</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	1,461,642	1,582,156
Current assets		
– Debtors	17,126	14,683
– Cash and bank balances	1,462	1,672
<b>Total assets</b>	<b>1,480,230</b>	<b>1,598,511</b>
<b>Liabilities:</b>		
Investment liabilities	(64)	(30)
Creditors		
– Distributions payable	(3,808)	(2,441)
– Other creditors	(9,103)	(9,982)
<b>Total liabilities</b>	<b>(12,975)</b>	<b>(12,453)</b>
<b>Net assets attributable to unitholders</b>	<b>1,467,255</b>	<b>1,586,058</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.



# Supplementary Information

## Efficient Portfolio Management Techniques

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

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

## Securities Lending

Securities lending transactions entered into by the Fund are subject to a written legal agreement between the Fund and the Stock Lending Agent, BlackRock Advisors (UK) Limited, a related party to the Fund, and separately between the Stock Lending Agent and the approved borrowing counterparty. Collateral received in exchange for securities lent is transferred under a title transfer arrangement and is delivered to and held in an account with a tri-party collateral manager in the name of The Bank of New York Mellon (International) Limited ("the Trustee") on behalf of the Fund. Collateral received is segregated from the assets belonging to the Fund's Trustee or the Stock Lending Agent.

The following table details the value of securities on loan as a proportion of the Fund's total lendable assets and Net Asset Value (NAV) as at 31 August 2023 and the income earned for the period ended 31 August 2023. Total lendable assets represents the aggregate value of assets forming part of the Fund's securities lending programme. This excludes any assets held by the Fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan		
% of lendable assets	% of NAV	Income earned £000's
1.44	1.40	57

The total income earned from securities lending transactions is split between the relevant Fund and the Stock Lending Agent. The Fund receives 62.5% while the Stock Lending Agent receives 37.5% of such income, with all operational costs borne out of the Stock Lending Agent's share.

## Supplementary Information continued

The following table details the value of securities on loan (individually identified in the Fund's portfolio statement) and associated collateral received, analysed by counterparty as at 31 August 2023.

Counterparty	Counterparty's country of establishment	Securities Lending	
		Amount on loan	Collateral received
		£000's	£000's
BNP Paribas	France	10,010	11,518
J.P. Morgan Securities Plc	UK	3,931	4,291
Morgan Stanley International	UK	758	874
UBS	Switzerland	5,782	6,377
<b>Total</b>		<b>20,481</b>	<b>23,060</b>

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

### Collateral

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

The following table provides an analysis by currency of the underlying cash and non-cash collateral received/posted by way of title transfer collateral arrangement by the Fund, in respect of securities lending transactions and OTC FDIs, as at 31 August 2023.

Currency	Cash collateral received	Cash collateral posted	Non-cash collateral received	Non-cash collateral posted
	£000's	£000's	£000's	£000's
<b>Securities lending transactions</b>				
AUD	–	–	6	–
CAD	–	–	330	–
CNY	–	–	2,818	–
EUR	–	–	1,215	–
GBP	–	–	185	–
HKD	–	–	201	–
JPY	–	–	692	–
NOK	–	–	1,256	–
SGD	–	–	12	–
USD	–	–	16,345	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>23,060</b>	<b>–</b>

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

## Supplementary Information continued

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received/posted by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions, as at 31 August 2023.

Collateral type and quality	Maturity Tenor					Open transactions	Total
	1 - 7 days	8 - 30 days	31 - 90 days	91 - 365 days	More than 365 days		
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Collateral received - securities lending</b>							
<b>Fixed income</b>							
Investment grade	–	152	95	231	5,709	–	<b>6,187</b>
<b>Equities</b>							
Recognised equity index	–	–	–	–	–	16,858	<b>16,858</b>
<b>ETFs</b>							
Non-UCITS	–	–	–	–	–	15	<b>15</b>
<b>Total</b>	<b>–</b>	<b>152</b>	<b>95</b>	<b>231</b>	<b>5,709</b>	<b>16,873</b>	<b>23,060</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency; Standard & Poor's, Moody's or Fitch.

A recognised equity index contains at least 20 equities where no single equity represents more than 20% of the total index and no five equities combined represent more than 60% of the total index.

The maturity tenor analysis for fixed income securities received as collateral is based on the respective contractual maturity date, while for equity securities and ETFs received as collateral are presented as open transactions as they are not subject to a contractual maturity date.

## Supplementary Information continued

As at 31 August 2023, all non-cash collateral received by the Fund in respect of securities lending transactions is held by the Fund's Trustee (or through its delegates).

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions as at 31 August 2023.

Issuer	Value £000's	% of the Fund's NAV
United States of America (Government)	5,471	0.37
Alibaba Group Holding Ltd	2,005	0.14
Tencent Holdings Ltd	1,800	0.12
Equinor ASA	781	0.06
Amazon.com Inc	764	0.05
Kuaishou Technology	627	0.04
Southern Co	615	0.04
Meta Platforms Inc	608	0.04
Salesforce Inc	601	0.04
Pinterest Inc	555	0.04
Other issuers	9,233	0.63
<b>Total</b>	<b>23,060</b>	<b>1.57</b>

# 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.

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