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Interim report and unaudited financial statements

BlackRock Developed Markets Sustainable
Equity Fund (UK)

For the six months ended 31 August 2023

NM1023U-3203069-1/21

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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.

Investment Adviser

BlackRock Financial Management, Inc
55 East 52nd Street, New York, NY 10055, United States

Regulated by the Securities and Exchange 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:

BlackRock Fund Managers Limited
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 Developed Markets Sustainable Equity Fund (UK) (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 5 January 2000. The Fund was previously known as Mercury Global Titans Fund then, with effect from 30 September 2000, Merrill Lynch Global Titans Fund. On 1 August 2007 the Fund changed its name to Merrill Lynch Global Equity Fund. The Fund changed its investment objective on 1 August 2007. The Fund changed its name to BlackRockGlobal Equity Fund on 28 April 2008. The Fund adopted its present name and changed its investment objective with effect from 6 September 2021. The Fund's FCA product reference number is 190628.

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 Adam Avigdori and David Goldman.

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

- 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.
- 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.

Investment Manager’s Report

for the six months ended 31 August 2023

Investment Objective

The Fund aims to provide a return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) (gross of fees) over the long term (3 to 5 or more consecutive years beginning at the point of investment) by investing in a global portfolio of equity securities (e.g. shares) in a manner consistent with the principles of sustainable investing.

Comparator benchmark	Investment management approach
MSCI World 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	1.91	6.16

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 1.91% and the active return was (4.25%), very regrettably underperforming its comparator benchmark which returned 6.16% (active return is the difference between the Fund's return and the comparator benchmark return).

The Fund's underperformance was driven by three main factors: being modestly underweight in the Information Technology sector; exposure to companies in the Financials sector and owning Dollar General stock.

The largest impact on performance has been the underweight to the mega cap technology companies - Meta, Amazon, Nvidia, Tesla and Apple - which represented a headwind to relative performance during the period. Large relative and absolute weights in Microsoft and ASML partially offset this underperformance.

Overall, good results and performance from companies owned in the portfolio were more than outweighed by a very strong performance in the benchmark index, led by quite a narrow market. The vast majority of these moves were driven by earnings multiple expansion rather than underlying earnings (with the possible exception of Nvidia). The Investment Manager continues to review the opportunity set presented with mega cap technology and artificial intelligence ('AI'), conscious of the high valuations and sustainability challenges that a number of these companies represent, notably Apple and Amazon.

First Republic and Regions Financials cost the portfolio 1.46% during the period, impacted by the SVB and Signature Bank failures. Overall, the Fund benefitted modestly from being underweight Financials sector through the first half of the year. Dollar General detracted from performance (c.-0.92%), following the emergence of structural challenges faced by the business, impacting stock management. These challenges were a material breach to our investment thesis. As a result, we exited the position.

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
Microsoft [#]	0.72%	Nvidia [^]	(1.06%)
Verisk [#]	0.71%	Dollar General [#]	(0.92%)
Intuit [#]	0.48%	First Republic Bank [#]	(0.89%)
Recruit [#]	0.43%	Apple [^]	(0.72%)
Alphabet [#]	0.42%	Walt Disney [#]	(0.72%)

[#] Overweight position - holds more exposure than the comparator benchmark.

[^] Underweight position - holds less exposure than the comparator benchmark.

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	
Sector	Active Weighting	Sector	Active Weighting
Industrials	13.70%	Industrials	15.00%
Health Care	4.70%	Health Care	4.80%
Communication Staples	0.90%	Communication Services	1.00%

Top underweight positions			
31 August 2023		28 February 2023	
Sector	Active Weighting	Sector	Active Weighting
Energy	(4.90%)	Consumer Discretionary	(7.40%)
Consumer Discretionary	(4.40%)	Energy	(5.10%)
Financials	(3.80%)	Consumer Staples	(3.60%)

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

Environmental, Social and Governance ("ESG") considerations review

The Fund invests in a portfolio of companies that the Investment Manager considers sustainable. Sustainable Investing is the practice of analysing a company's environmental, social and governance (ESG) risks, as well as assessing its opportunities and progress, using ESG data and fundamental insights, to inform the allocation of capital. Sustainable companies are identified for this purpose as being companies that can lead in a more sustainable world, either through their products and services that are enabling greater sustainability, or their characteristics that make them ESG leaders; companies with strong ESG credentials as further detailed in the Fund's Prospectus. Further details on the approach to identifying sustainable companies is set out in the section "Stewardship Engagement with investee portfolio companies" below. The Fund also applied exclusionary screens to limit and/or exclude exposure to issuers based on certain ESG related characteristics, as detailed in the ESG Policy in the Fund's prospectus. During the period ended 31 August 2023, the Fund had no advertent breaches (resulting from an action that was within the Investment Manager's control) arising as a result of the application of exclusionary screens.

In applying its investment policy (including the ESG Policy), the Investment Manager expects the Fund's portfolio to deliver a superior ESG outcome versus the Fund's benchmark index, as measured by the weighted average ESG rating of its investments. For this purpose, ESG ratings are based on MSCI's ESG ratings (i.e. ratings which indicate how well an issuer manages its most material ESG risks relative to its sector peers) or equivalent ESG ratings selected by the Investment Manager. As at 31 August 2023, the Fund's ESG rating was 7.65, versus the benchmark at 6.89. The average ESG rating of the Fund throughout the period to 31 August 2023 for the Fund was 7.69, versus the benchmark which was at 6.94.

In applying its investment policy (including the ESG Policy), the Investment Manager also expects the Fund to have a lower carbon emission intensity score (a measurement of an issuer's carbon emissions) than the benchmark index. The Fund's carbon emissions intensity by total capital (the issuer's Scope 1 and Scope 2 greenhouse gas emissions, normalised by total capital in USD) was 58.6, versus the benchmark which was at 84.93, a reduction of 31%. The average value of the Fund's carbon emissions intensity by total capital throughout the period to 31 August 2023 was 41.66, versus the benchmark which was at 86.03, a reduction of 52%. As at 31 August 2023, the Fund's carbon emissions intensity by sales (the issuer's most recently reported or estimated Scope 1 and Scope 2 greenhouse gas emissions, normalised by sales in USD) was 85.85, versus the benchmark which was at 112.53, a reduction of 24%. The average value of the Fund's carbon emissions intensity by sales throughout the period to 31 August 2023 was 58.15, versus the benchmark which was at 126.12, a reduction of 54%.

The Investment Manager invested the portfolio according to the thematic methodology. Portfolio holdings are classified depending on 'what they do' and / or 'how they do it'. Sustainability Enablers are focused on the 'what', specifically seeking companies with business activities that are aligned with a more sustainable world as defined by the United Nations Sustainable Development Goals ("UN SDGs"). ESG Leaders are focused on the 'how', specifically seeking companies boasting strong ESG behaviours. Improvers are those companies where there is a measurable path towards the company becoming a Sustainability Enabler and / or ESG Leader over the medium-term.

ESG factors are taken into account in the team's fundamental analysis for all portfolio holdings though are particularly relevant for the ESG Leaders where the team is looking for companies with a differentiated approach towards at least one factor.

Investment Manager’s Report continued

As at 31 August 2023, the composition of the portfolio by theme was as follows:

Themes	Portfolio allocation per market value
Energy transition & Decarbonisation	33.3%
Equality & Inclusion	31.9%
Health & Wellbeing	20.0%
Responsible Consumption & Sustainable Production	13.9%

The remaining 0.9% was held in cash.

Stewardship Engagement with investee portfolio companies

The investment team engages with investee companies to review the fundamental thesis, as well as their policies and behaviours which are relevant to the ESG or Sustainability thesis. These engagements allow the team to engage through constructive dialogue with management teams at both C-Suite and Board level, as well as with Heads of Sustainability and ESG. Engagements seek to ensure that the team's Sustainability / ESG thesis is valid and to then monitor and seek progress against measurable Key Performance Indicators ("KPIs"). If a company falls short of its KPIs, the team will engage to better understand the shortcoming, to learn about any new directions of the business, and to help build a better long-term picture for the future. ESG engagement can result in a positive affirmation of the company's current practices, a commitment to continue the engagement to monitor progress, or a less favourable outlook on that company's long-term value. If a highly material or controversial ESG or sustainability issue persists, the team may choose to remove the company from the portfolio. If the team determines that there is no improvement or that the ESG / Sustainability thesis has changed or undermined, the team will trim or exit the position.

The team works in close partnership with the Investment Stewardship team. In practice, this means a combination of joint and separate engagements with portfolio companies. The team formally meets with the Investment Stewardship team on a monthly basis to review the engagements/votes that are relevant to the portfolio.

The team expects to engage with all holdings on a regular basis.

Net Asset Value

At 31 August 2023	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	419,473	806	192.0
A Accumulation	18,332,044	38,537	210.2
X Income	19,648,673	20,076	102.2
X Accumulation	14,886,178	20,062	134.8
D Income	3,635,597	7,079	194.7
D Accumulation	17,910,450	41,170	229.9

Distributions Payable for the period to 31 August 2023

Any income available will be distributed annually on 30 April.

Operating Charges

Unit Class	1.3.2023 to 31.8.2023	1.3.2022 to 28.2.2023
A Income	1.67%	1.67%
A Accumulation	1.67%	1.67%
X Income	0.03%	0.04%
X Accumulation	0.03%	0.03%
D Income	0.92%	0.92%
D Accumulation	0.91%	0.92%

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
ASIA AND PACIFIC – 5.19%; 28.2.2023 5.53%			
EQUITIES – 5.19%; 28.2.2023 5.53%			
Israel – 0.00%; 28.2.2023 1.00%			
Japan – 5.19%; 28.2.2023 4.53%			
128,300	Recruit	3,611	2.83
45,900	Sony	3,012	2.36
		6,623	5.19
EUROPE – 31.41%; 28.2.2023 36.07%			
EQUITIES – 31.41%; 28.2.2023 36.07%			
Denmark – 1.83%; 28.2.2023 1.16%			
15,828	Novo Nordisk	2,337	1.83
France – 5.68%; 28.2.2023 9.45%			
67,248	BNP Paribas	3,458	2.71
27,709	Schneider Electric	3,790	2.97
		7,248	5.68
Germany – 4.79%; 28.2.2023 1.20%			
50,689	Puma ⁰	2,683	2.10
41,769	Symrise	3,442	2.69
		6,125	4.79
Netherlands – 3.62%; 28.2.2023 4.91%			
8,756	ASML	4,620	3.62
Switzerland – 5.73%; 28.2.2023 7.28%			
5,342	Lonza	2,335	1.83
52,497	Nestle	4,984	3.90
		7,319	5.73
United Kingdom – 9.76%; 28.2.2023 12.07%			
37,144	AstraZeneca	3,997	3.13

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
175,034	RELX	4,526	3.54
655,367	Rentokil Initial	3,952	3.09
		12,475	9.76
NORTH AMERICA – 61.56%; 28.2.2023 56.28%			
EQUITIES – 61.56%; 28.2.2023 56.28%			
United States of America – 61.56%; 28.2.2023 56.28%			
60,288	Alphabet	6,460	5.06
28,793	American Express	3,637	2.85
23,890	Analog Devices	3,421	2.68
10,539	Cadence Design Systems	1,994	1.56
77,439	Colgate-Palmolive	4,510	3.53
81,360	eBay	2,872	2.25
11,427	Elevance Health	4,142	3.24
45,904	Intercontinental Exchange	4,268	3.34
9,422	Intuit	4,018	3.15
10,805	Linde	3,298	2.58
18,867	Mastercard	6,159	4.82
40,426	Microsoft	10,481	8.20
63,976	Otis Worldwide	4,322	3.38
31,169	Republic Services	3,586	2.81
20,707	Steris	3,788	2.97
9,909	Thermo Fisher Scientific	4,370	3.42
22,219	Verisk Analytics	4,234	3.31
46,254	Walt Disney	3,074	2.41
		78,634	61.56
COLLECTIVE INVESTMENT SCHEMES – 2.22%; 28.2.2023 1.73%			
Short-term Money Market Funds – 2.22%; 28.2.2023 1.73%			
28,388	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class [†]	2,838	2.22

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
DERIVATIVES – (0.01%); 28.2.2023 0.03%				
Forward Currency Contracts – (0.01%); 28.2.2023 0.03%				
US\$4,663,614 US Dollar vs UK Sterling		3,678	(14)	(0.01)
Portfolio of investments			128,205	100.37
Net other liabilities			(475)	(0.37)
Total net assets			127,730	100.00

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 Deutsche Bank AG.

⁰ All or a portion of this investment represents a security on loan.

[†] 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 gains	1,382	953
Revenue	1,688	1,420
Expenses	(563)	(626)
Net revenue before taxation	1,125	794
Taxation	(170)	(85)
Net revenue after taxation	955	709
Total return before distributions	2,337	1,662
Change in net assets attributable to unitholders from investment activities	2,337	1,662

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
Opening net assets attributable to unitholders	183,812	146,178
Amounts receivable on issue of units	8,524	33,516
In-Specie transfer	–	9,693
Amounts payable on cancellation of units	(66,943)	(16,849)
	(58,419)	26,360
Change in net assets attributable to unitholders from investment activities	2,337	1,662
Closing net assets attributable to unitholders	127,730	174,200

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
Assets:		
Fixed assets		
– Investment assets	128,219	183,159
Current assets		
– Debtors	208	2,345
– Cash and bank balances	109	159
Total assets	128,536	185,663
Liabilities:		
Investment liabilities	(14)	–
Creditors		
– Distributions payable	–	(177)
– Other creditors	(792)	(1,674)
Total liabilities	(806)	(1,851)
Net assets attributable to unitholders	127,730	183,812

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
10.16	1.03	2

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.

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	Securities Lending		
	Counterparty's country of establishment	Amount on loan	Collateral received
		£000's	£000's
Citigroup Global Markets Limited	UK	1,317	1,486
Total		1,317	1,486

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

Supplementary Information continued

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 £000's	Cash collateral posted £000's	Non-cash collateral received £000's	Non-cash collateral posted £000's
Securities lending transactions				
CHF	–	–	37	–
EUR	–	–	121	–
GBP	–	–	50	–
JPY	–	–	1,018	–
SGD	–	–	4	–
USD	–	–	256	–
Total	–	–	1,486	–

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

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		
<i>Collateral received - securities lending</i>							
Equities							
Recognised equity index	—	—	—	—	—	1,350	1,350
ETFs							
Non-UCITS	—	—	—	—	—	136	136
Total	—	—	—	—	—	1,486	1,486

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
Nippon Telegraph and Telephone Corp	135	0.11
Ishares China Large-Cap Etf	132	0.10
Kirin Holdings Co Ltd	104	0.08
SPDR Gold Shares	87	0.07
Delivery Hero SE	50	0.04
Coca-Cola Europacific Partners PLC	39	0.03
Macnica Holdings Inc	34	0.03
Toho Titanium Co Ltd	30	0.02
JTEKT Corp	27	0.02
TeamViewer SE	27	0.02
Other issuers	821	0.64
Total	1,486	1.16

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