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# **Interim report and unaudited financial statements**

BlackRock Dynamic Allocation Fund

For the six months ended 31 August 2023

NM1023U-3202793-1/27

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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 Dynamic Allocation Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was authorised on 27 March 2015 and launched on 14 April 2015. The Fund's FCA product reference number is 669487.

### 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 Manager

As at 31 August 2023, the fund manager was Adam Ryan.

## 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 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 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) which exceeds the Bank of England's Base Interest Rate by 3.5% per annum (gross of fees) over the medium to long term (three to five consecutive years).

Target benchmark	Investment management approach
Bank of England's Base Interest Rate (plus 3.5% (gross of fees))	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	2.11	4.01

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 2.11%, regrettably underperforming its target benchmark which returned 4.01%.

Financial markets were focused on the ability of central banks to curb inflation and maintain economic growth. While higher-than-expected inflation data combined with instability within the banking sector impacted investor sentiment at the beginning of the period, signs that US inflation might moderate without the need for a rise in unemployment, paired with the outperformance of large-cap technology stocks drove the positive performance of developed market equities. Towards the end of the period, financial markets started to price in a “higher for longer” interest rate environment as central banks reiterated that there was still a long way to go to get inflation down to their target level. The expectation for rate cuts in the near-term faded creating volatility in equity and bond markets.

Against this backdrop, the Fund’s exposure to developed market equities was the key driver of returns during the period. Cash and foreign exchange, non-government bonds, commodities and emerging market equities contributed positively to returns. The Fund’s exposure to listed alternatives was the largest detractor from returns. A number of these assets are investment vehicles listed in the UK. The share prices fell as a result of overall weakness of the UK equity and bond markets. Volatility strategies and government bonds also contributed negatively, although to a lesser extent.

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

Largest Contributors		Largest Detractors	
Strategy	Effect on Fund return	Strategy	Effect on Fund return
US Enterprise Technology Equity Basket	0.74%	Volatility Futures	(0.24%)
BlackRock Systematic ESG World Equity Fund	0.63%	Transition Leaders Long /Short Equity Basket	(0.22%)
Global Brands Equity Basket	0.45%	Bluefield Solar Income Fund	(0.19%)
US Quality ESG Basket	0.43%	Euro Stoxx 50 Futures (hedging)	(0.18%)
FTSE 100 Futures (hedging)	0.27%	Greencoat UK Wind	(0.18%)

The Fund’s US Enterprise Technology Equity Basket and Global Brands Equity Basket were key contributors to returns as technology stocks and those that benefit from a strong consumer demand, e.g. luxury goods, performed strongly over the period. Broad equity exposure via the BlackRock Systematic ESG World Equity Fund enhanced returns as equity markets rallied during the period. Elsewhere, the Fund’s US Quality ESG Basket benefitted from its exposure to ‘quality’ US companies – those with strong balance sheets and low levels of debt – and the Fund’s hedging positions on FTSE 100 Futures was additive to returns.



# Investment Manager's Report continued

The largest detractor from returns during the period was the position in Volatility Futures which benefits when volatility increases. The Investment Manager added it to the portfolio following the banking crisis in the US and held it during the US debt ceiling negotiations. Unfortunately, equity market volatility remained at low levels throughout the period. The Transition Leaders Long/Short Equity Basket detracted as cyclically oriented stocks, which the Fund held in short positions in the basket, outperformed, thus contributing negatively to returns. Listed alternatives, namely Bluefield Solar Income Fund and Greencoat UK Wind, detracted as bond yields rose and power prices fell, whilst hedging positions on European Equities detracted as European Equities drifted higher over the period.

The following table details the significant portfolio weightings at 31 August 2023 and 28 February 2023:

31 August 2023		28 February 2023	
Asset Class	Gross Exposure	Asset Class	Gross Exposure
Developed Market Equities	32.25%	Cash, Foreign Exchange and Derivatives	34.96%
Non-Government Bonds	22.37%	Developed Market Equities	22.68%
Cash, Foreign Exchange and Derivatives	14.39%	Non-Government Bonds	21.75%
Government Bonds	12.17%	Volatility and Carry Strategies	5.09%
Commodities	6.23%	Government Bonds	5.03%

The Fund started the period cautiously positioned with a moderate level of risk given the wide range of interest rate expectations which continued to drive volatility in financial markets. Over the period, the Fund increased equity positioning given the prospect of a recession in the near-term seemed less likely and also added to government bonds given our view that they will act as an effective portfolio diversifier.

As the Fund pivots to new opportunities, the Investment Manager emphasises the importance of downside protection and continuous monitoring of key risks including geopolitical tensions and changes in the global growth outlook. The Investment Manager prefers higher quality assets as companies with stable revenue generation and healthier balance sheets are better placed to withstand the current tighter credit conditions.

## Net Asset Value

At 31 August 2023	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	1,062	1	109.6
A Accumulation	1,062	1	110.9
X Income	1,055	1	110.2
X Accumulation	284,609,167	339,385	119.3
D Income	10,609	12	110.2
D Accumulation	762,610	877	115.1

## Distributions Payable for the period to 31 August 2023

Unit Class	Distribution payable on 31.10.2023 Pence per Unit
A Income	0.3890
A Accumulation	0.3890
X Income	0.5850
X Accumulation	0.6543
D Income	0.5048
D Accumulation	0.5267

## Operating Charges

Unit Class	1.3.2023 to 31.8.2023	1.3.2022 to 28.2.2023
A Income	0.93%	0.94%
A Accumulation	0.93%	0.94%
X Income	0.02%	0.03%
X Accumulation	0.02%	0.03%
D Income	0.49%	0.50%
D Accumulation	0.49%	0.50%

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>AFRICA – 0.38%; 28.2.2023 0.00%</b>			
<b>BONDS – 0.38%; 28.2.2023 0.00%</b>			
<b>South African Rand Denominated Government Bonds – 0.38%; 28.2.2023 0.00%</b>			
ZAR 36,696,315	Republic of South Africa Government Bond 8.25% 31/3/2032 <sup>o</sup>	1,305	0.38
<b>ASIA AND PACIFIC – 0.55%; 28.2.2023 0.53%</b>			
<b>EQUITIES – 0.55%; 28.2.2023 0.53%</b>			
<b>Australia – 0.12%; 28.2.2023 0.10%</b>			
25,114	Costa	36	0.01
14,333	National Australia Bank	212	0.06
36,028	Santos	141	0.04
2,078	Woodside Energy <sup>o</sup>	39	0.01
		<b>428</b>	<b>0.12</b>
<b>Hong Kong – 0.00%; 28.2.2023 0.00%</b>			
13,000	Digital China	3	0.00
<b>Israel – 0.03%; 28.2.2023 0.06%</b>			
19,489	ICL	92	0.03
<b>Japan – 0.27%; 28.2.2023 0.24%</b>			
7,900	Daiichi Sankyo	184	0.05
35,400	ENEOS	104	0.03
200	Fujitsu	20	0.01
2,900	Kubota	37	0.01
3,700	Kurita Water Industries	114	0.03
10,600	Oji	34	0.01
1,800	Omron	68	0.02
14,700	Renesas Electronics	194	0.06
2,700	Sumitomo Forestry	60	0.02
2,700	Yamaha Motor	55	0.02
1,500	Yaskawa Electric	46	0.01
		<b>916</b>	<b>0.27</b>
<b>South Korea – 0.10%; 28.2.2023 0.10%</b>			
341	Samsung Electronics	339	0.10
<b>Taiwan – 0.03%; 28.2.2023 0.03%</b>			
1,405	Taiwan Semiconductor Manufacturing	105	0.03
<b>EUROPE – 8.17%; 28.2.2023 7.07%</b>			
<b>EQUITIES – 6.08%; 28.2.2023 7.07%</b>			
<b>Austria – 0.16%; 28.2.2023 0.20%</b>			
9,242	ams-OSRAM	50	0.01
2,552	Andritz	107	0.03

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
1,156	BAWAG	43	0.01
2,655	Kontron	45	0.01
5,053	Verbund	329	0.10
		<b>574</b>	<b>0.16</b>
<b>Belgium – 0.11%; 28.2.2023 0.15%</b>			
1,608	Proximus	10	0.00
363	UCB	26	0.01
15,351	Umicore <sup>o</sup>	320	0.09
1,618	Warehouses De Pauw CVA <sup>o</sup>	37	0.01
		<b>393</b>	<b>0.11</b>
<b>Denmark – 0.41%; 28.2.2023 0.45%</b>			
4,201	Novo Nordisk	620	0.18
4,420	Novozymes <sup>o</sup>	152	0.04
4,087	Orsted	206	0.06
493	Ringkjoebing Landbobank	58	0.02
720	Rockwool	145	0.04
13,062	Vestas Wind Systems	243	0.07
		<b>1,424</b>	<b>0.41</b>
<b>Finland – 0.41%; 28.2.2023 0.59%</b>			
1,995	Elisa	77	0.02
2,977	Kojamo	23	0.01
2,503	Kone	91	0.03
9,983	Neste	291	0.09
37,990	Nordea Bank <sup>o</sup>	332	0.10
230	Orion	8	0.00
12,839	Stora Enso	131	0.04
13,771	UPM-Kymmene	373	0.11
2,038	Valmet	41	0.01
		<b>1,367</b>	<b>0.41</b>
<b>France – 0.63%; 28.2.2023 0.50%</b>			
959	Air Liquide <sup>o</sup>	137	0.04
962	Amundi	45	0.01
1,141	Arkema	95	0.03
99	BioMerieux	8	0.00
3,754	Cie de Saint-Gobain <sup>o</sup>	193	0.06
3,232	Edenred	164	0.05
4,257	Fermentalg Rights 31/12/2049 <sup>1</sup>	–	0.00
418	Gaztransport Et Technigaz	41	0.01
156	Hermes International	256	0.08
734	L'Oreal	256	0.08
4,860	Schneider Electric	665	0.20
615	Teleperformance	68	0.02
5,907	Worldline	154	0.05
		<b>2,082</b>	<b>0.63</b>

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Germany – 0.45%; 28.2.2023 0.45%</b>			
440	Aixtron	13	0.00
515	Beiersdorf	53	0.02
1,514	Deutsche Boerse	213	0.06
1,857	Fuchs Petrolub <sup>o</sup>	61	0.02
732	Hannover Rueck	124	0.04
818	Henkel	50	0.01
3,962	Infineon Technologies	112	0.03
3,502	Mercedes-Benz <sup>o</sup>	203	0.06
2,823	Siemens	338	0.10
20,316	Siemens Energy	231	0.07
1,650	SMA Solar Technology	106	0.03
1,439	Software	39	0.01
		<b>1,543</b>	<b>0.45</b>
<b>Ireland – 0.18%; 28.2.2023 0.23%</b>			
4,623	Experian	129	0.04
1,626	Grafton	14	0.00
514	Kerry	38	0.01
3,660	Kingspan	243	0.07
13,571	Origin Enterprises	38	0.01
5,164	Smurfit Kappa	172	0.05
		<b>634</b>	<b>0.18</b>
<b>Italy – 0.14%; 28.2.2023 0.15%</b>			
78	DiaSorin	6	0.00
4,369	FinecoBank Banca Fineco	48	0.01
9,599	Italgas	43	0.01
6,191	Mediobanca Banca di Credito Finanziario	65	0.02
1,075	Moncler <sup>o</sup>	58	0.02
81	Reply	6	0.00
62,036	Snam	255	0.08
		<b>481</b>	<b>0.14</b>
<b>Luxembourg – 0.01%; 28.2.2023 0.01%</b>			
7,207	SES	<b>42</b>	<b>0.01</b>
<b>Netherlands – 0.44%; 28.2.2023 0.50%</b>			
654	Aalberts	22	0.01
103	Adyen	69	0.02
1,128	ASML	595	0.18
197	BE Semiconductor Industries	18	0.01
1,506	Corbion	28	0.01
584	Koninklijke DSM <sup>1</sup>	46	0.01
1,668	Koninklijke Philips <sup>o</sup>	30	0.01
6,698	Koninklijke Vopak	190	0.06
898	NXP Semiconductors	146	0.04
3,310	Prosus <sup>o</sup>	180	0.05
1,516	Wolters Kluwer	146	0.04
		<b>1,470</b>	<b>0.44</b>

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Norway – 0.35%; 28.2.2023 0.50%</b>			
3,826	Aker BP	82	0.02
129,151	Aker Carbon Capture	117	0.03
8,158	DNB Bank <sup>o</sup>	127	0.04
14,529	Equinor	354	0.10
2,592	Gjensidige Forsikring	32	0.01
12,748	Leroy Seafood	41	0.01
12,748	Mowi	181	0.05
79,203	NEL	67	0.02
5,293	Nordic Semiconductor	50	0.01
2,863	Salmar <sup>o</sup>	109	0.03
7,988	TOMRA Systems	86	0.03
		<b>1,246</b>	<b>0.35</b>
<b>Poland – 0.03%; 28.2.2023 0.04%</b>			
3,414	Bank Polska Kasa Opieki	71	0.02
2,165	KGHM Polska Miedz	47	0.01
		<b>118</b>	<b>0.03</b>
<b>Portugal – 0.02%; 28.2.2023 0.03%</b>			
6,725	Galp Energia SGPS	<b>73</b>	<b>0.02</b>
<b>Spain – 0.25%; 28.2.2023 0.28%</b>			
1,691	Acciona	192	0.06
2,368	ACS Actividades de Construcion y Servicios	66	0.02
10,393	Bankinter	54	0.02
20,143	EDP Renovaveis	293	0.09
6,316	Industria de Diseno Textil	192	0.06
		<b>797</b>	<b>0.25</b>
<b>Sweden – 0.32%; 28.2.2023 0.46%</b>			
14,240	Atlas Copco	150	0.04
4,901	Boliden	104	0.03
3,125	Epiroc	47	0.01
2,782	Gesting	38	0.01
5,198	Hexpol	41	0.01
4,510	Holmen <sup>o</sup>	136	0.04
2,334	Indutrade	36	0.01
15,704	Nibe Industrier	94	0.03
975	Orron Energy	1	0.00
303	Sectra	4	0.00
11,705	SSAB	52	0.02
19,741	Svenska Cellulosa	209	0.06
12,001	Svenska Handelsbanken <sup>o</sup>	80	0.02
7,886	Swedbank	111	0.03
8,444	Telefonaktiebolaget LM Ericsson	34	0.01
575	Thule	13	0.00
		<b>1,150</b>	<b>0.32</b>

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Switzerland – 1.02%; 28.2.2023 1.02%</b>			
14,117	ABB	425	0.13
1,271	Belimo	529	0.16
43	Bucher Industries	14	0.00
1	Chocoladefabriken Lindt & Sprüngli	94	0.03
550	Garmin	46	0.01
206	Geberit	84	0.02
4	Interroll	9	0.00
183	Lonza	80	0.02
7,145	Nestle	678	0.20
4,388	Novartis <sup>Ø</sup>	350	0.10
1,634	Roche	382	0.11
9,409	SIG	199	0.06
5,468	STMicroelectronics <sup>Ø</sup>	205	0.06
204	Swisscom	98	0.03
339	VAT	108	0.03
582	Zurich Insurance <sup>Ø</sup>	217	0.06
		<b>3,518</b>	<b>1.02</b>

## United Kingdom – 1.15%; 28.2.2023 1.51%

2,250	Admiral	56	0.02
6,744	Auto Trader	41	0.01
9,151	Barratt Developments	41	0.01
1,081	Berkeley	44	0.01
1,630	Big Yellow	18	0.01
125,228	BP	613	0.18
1,544	Capri	64	0.02
1,588	Close Brothers	13	0.00
14,010	CNH Industrial	153	0.05
30,770	CNH Industrial	335	0.10
1,280	Ferguson <sup>Ø</sup>	165	0.05
6,096	Halma	131	0.04
6,652	Howden Joinery	49	0.01
4,396	IG	30	0.01
289	Indivior	5	0.00
106,989	ITM Power	95	0.03
62,109	ITV	44	0.01
5,510	Johnson Matthey	90	0.03
7,358	LondonMetric Property	13	0.00
4,171	OSB	14	0.00
12,771	Pagegroup	53	0.02
48,205	Pennon	312	0.09
12,328	Pentair	676	0.20
2,394	Persimmon	26	0.01
6,822	Rightmove	38	0.01
4,953	Rotork	15	0.00
1,606	Safestore	14	0.00
8,867	Schroders <sup>Ø</sup>	37	0.01
4,746	Severn Trent	115	0.03
1,184	Spirax-Sarco Engineering	120	0.04

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
17,433	Spirent Communications	27	0.01
17,222	SSE	282	0.08
35,649	Taylor Wimpey	41	0.01
23,390	Tritax Big Box REIT	33	0.01
12,454	United Utilities	118	0.03
2,371	Victrex	35	0.01
		<b>3,956</b>	<b>1.15</b>

## BONDS – 2.09%; 28.2.2023 0.00%

### UK Sterling Denominated Government

#### Bonds – 1.93%; 28.2.2023 0.00%

£7,175,872	United Kingdom Gilt 3.25% 31/1/2033	<b>6,559</b>	<b>1.93</b>
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### US Dollar Denominated Corporate

#### Bonds – 0.16%; 28.2.2023 0.00%

\$72	Ensemble Investment 0% 11/8/2028	<b>564</b>	<b>0.16</b>
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## NORTH AMERICA – 15.17%; 28.2.2023 13.11%

### EQUITIES – 13.61%; 28.2.2023 13.11%

#### Canada – 0.25%; 28.2.2023 0.29%

1,627	Cameco	47	0.01
3,556	Canadian Solar	79	0.02
2,257	Canfor	26	0.01
7,153	Enbridge	199	0.06
2,656	Magna International <sup>Ø</sup>	122	0.04
4,390	Nutrien	221	0.07
5,607	Pembina Pipeline	138	0.04
30,216	Western Forest Products	16	0.00
		<b>848</b>	<b>0.25</b>

#### United States of America – 13.36%; 28.2.2023 12.82%

1,827	3M	150	0.04
3,552	A O Smith	203	0.06
7,750	A10 Networks	92	0.03
10,233	AAR	500	0.15
670	Activision Blizzard	49	0.01
967	Adobe	416	0.12
4,670	Advanced Micro Devices	393	0.12
4,906	AeroVironment	373	0.11
1,821	Aflac	107	0.03
4,377	AGCO	445	0.13
1,970	Agilent Technologies	191	0.06
850	Air Products and Chemicals	198	0.06
12,845	Alphabet	1,376	0.40
5,855	Amazon.com	624	0.18
1,028	Ambarella	49	0.01
5,184	American Water Works	570	0.17

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
658	Amgen	134	0.04
3,032	Analog Devices	434	0.13
1,060	Ansys	264	0.08
1,685	APA	58	0.02
12,544	Apple	1,857	0.55
2,970	Applied Materials	354	0.10
5,022	Archer-Daniels-Midland	320	0.09
2,332	Arista Networks	344	0.10
819	Aspen Technology	126	0.04
49	AutoZone	99	0.03
1,387	Badger Meter	182	0.05
2,734	Ball	117	0.03
944	Block	43	0.01
5,740	Bloom Energy	69	0.02
4,174	Booz Allen Hamilton	377	0.11
5,363	Boston Scientific	229	0.07
964	Broadcom	679	0.20
3,839	Bunge	347	0.10
2,235	Cadence Design Systems	423	0.12
6,299	California Water Service	252	0.07
1,295	CBRE	86	0.03
13,405	CECO Environmental	141	0.04
1,630	CEVA	30	0.01
1,813	Cheniere Energy	236	0.07
13,018	Chico's FAS	52	0.02
11,861	Cisco Systems	531	0.16
671	Colgate-Palmolive	39	0.01
27,647	CommScope	73	0.02
43,518	Conduent	106	0.03
3,476	ConocoPhillips	325	0.10
3,362	Copart	120	0.04
401	Costco Wholesale	171	0.05
3,081	Curtiss-Wright	506	0.15
1,136	Danaher	237	0.07
675	Darling Ingredients <sup>o</sup>	33	0.01
2,328	Deere	759	0.22
942	Devon Energy	38	0.01
570	Dexcom	47	0.01
1,624	Digi International	42	0.01
8,931	DocGo <sup>o</sup>	63	0.02
9,349	Donaldson	470	0.14
3,430	Dover	401	0.12
4,840	Dow	209	0.06
702	DR Horton	66	0.02
914	DuPont de Nemours	55	0.02
1,670	Dynatrace	63	0.02
3,520	Eaton	639	0.19
1,140	eBay <sup>o</sup>	40	0.01
3,742	Ecolab	543	0.16
1,029	Edwards Lifesciences	63	0.02
721	Emerson Electric	56	0.02

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
4,211	EnerSys	348	0.10
369	Enphase Energy	37	0.01
3,414	EOG Resources	344	0.10
2,303	Equity Residential	119	0.04
11,513	Essential Utilities	336	0.10
200	Estee Lauder	26	0.01
526	Expeditors International of Washington	49	0.01
1,513	F5	194	0.06
128	FactSet Research Systems	44	0.01
604	Fair Isaac	428	0.13
2,022	Fastenal	92	0.03
2,316	First Solar	338	0.10
7,706	Fluence Energy	160	0.05
5,301	Fortinet	256	0.08
353	FTI Consulting	52	0.02
1,272	Generac	120	0.04
15,287	Graphic Packaging	270	0.08
6,047	Hain Celestial	52	0.02
11,253	Halliburton	345	0.10
977	Hershey	167	0.05
8,090	Hexcel	467	0.14
331	Hormel Foods	10	0.00
13,123	Howmet Aerospace	515	0.15
257	IDEX	46	0.01
10,893	Intel	297	0.09
1,560	Intercontinental Exchange	145	0.04
2,875	International Business Machines	333	0.10
714	Intuit	305	0.09
5,661	Johnson & Johnson	731	0.21
9,872	Juniper Networks	222	0.07
10,881	Kaman	194	0.06
3,148	Kellogg	153	0.05
2,028	Kimberly-Clark	207	0.06
2,481	Kimco Realty	37	0.01
19,062	Kinder Morgan	262	0.08
106	Lam Research	57	0.02
1,066	Linde	325	0.10
1,589	Lindsay	157	0.05
2,491	LKQ	105	0.03
2,486	Marathon Oil	52	0.02
201	MarketAxess <sup>o</sup>	39	0.01
1,626	Marsh & McLennan	251	0.07
3,330	Marvell Technology	151	0.04
622	Masimo	56	0.02
1,470	MasTec	115	0.03
1,737	Mastercard	567	0.17
1,690	McDonald's	379	0.11
3,678	Merck	320	0.09
1,902	Meta Platforms	443	0.13

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
3,481	MetLife	173	0.05
2,337	Microchip Technology	151	0.04
2,565	Micron Technology	138	0.04
6,837	Microsoft	1,773	0.52
520	Moody's	139	0.04
6,979	Mosaic	214	0.06
890	Nasdaq	37	0.01
2,997	NetApp	181	0.05
4,421	Newmont	139	0.04
2,380	NIKE	192	0.06
398	Nucor <sup>o</sup>	53	0.02
4,331	Nvidia	1,683	0.49
12	NVR	60	0.02
1,150	Occidental Petroleum <sup>o</sup>	57	0.02
354	Old Dominion Freight Line	120	0.04
2,718	ON Semiconductor	212	0.06
4,766	Oracle	455	0.13
344	Organon	6	0.00
4,000	Ormat Technologies <sup>o</sup>	238	0.07
924	Ouster <sup>o</sup>	4	0.00
1,389	Packaging of America	164	0.05
1,759	Palo Alto Networks	330	0.10
2,105	Paychex	203	0.06
1,025	Pioneer Natural Resources	192	0.06
1,566	PotlatchDeltic	59	0.02
2,240	Procter & Gamble	272	0.08
2,094	PTC	242	0.07
1,246	PulteGroup	80	0.02
1,043	Qorvo	88	0.03
1,326	QualComm	118	0.03
7,728	Rambus <sup>o</sup>	344	0.10
5,147	Rayonier <sup>o</sup>	121	0.04
172	Regeneron Pharmaceuticals	113	0.03
2,551	Regions Financial	37	0.01
4,084	Republic Services	470	0.14
5,482	Resideo Technologies	72	0.02
229	ResMed	30	0.01
691	Robert Half	41	0.01
219	Rockwell Automation <sup>o</sup>	53	0.02
1,436	Rollins <sup>o</sup>	45	0.01
17,313	Sabre <sup>o</sup>	69	0.02
1,458	Salesforce	248	0.07
8,259	Schlumberger	384	0.11
2,760	Seagate Technology	148	0.04
1,164	Silicon Laboratories	123	0.04
1,069	Skyworks Solutions	91	0.03
242	Snap-on	51	0.02
2,656	Splunk	252	0.07

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
8,584	Steelcase	61	0.02
5,301	SunPower	30	0.01
4,585	Sunrun	56	0.02
850	T Rowe Price	75	0.02
469	TE Connectivity	49	0.01
1,556	Terex	74	0.02
680	Tesla	138	0.04
1,182	Texas Instruments	158	0.05
901	Timken	55	0.02
10,008	Trimble	428	0.13
18,600	Triumph	138	0.04
4,621	US Bancorp	133	0.04
12,433	V2X	495	0.15
1,670	VeriSign	275	0.08
3,138	VICI Properties	77	0.02
2,412	Visa	468	0.14
4,107	VMware	540	0.16
17,573	Vuzix	57	0.02
957	Waste Management	120	0.04
163	Waters	37	0.01
3,410	Watts Water Technologies	509	0.15
7,096	Westrock	182	0.05
10,941	Weyerhaeuser	285	0.08
5,427	Williams <sup>o</sup>	150	0.04
6,752	Xylem	551	0.16
716	Zebra Technologies	158	0.05
623	Zoetis	95	0.03
		<b>45,261</b>	<b>13.36</b>

## BONDS – 1.56%; 28.2.2023 0.00%

### Mexican Peso Denominated Government

#### Bonds – 1.56%; 28.2.2023 0.00%

MXN 126,983,800	Mexican Bonos 7.5% 26/5/2033	<b>5,295</b>	<b>1.56</b>
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## SOUTH AMERICA – 1.56%; 28.2.2023 0.13%

### EQUITIES – 0.07%; 28.2.2023 0.13%

#### Brazil – 0.07%; 28.2.2023 0.13%

10,685	Klabin	40	0.01
11,240	SLC Agricola	75	0.02
18,433	Suzano	151	0.04
		<b>266</b>	<b>0.07</b>

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
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## BONDS – 1.49%; 28.2.2023 0.00%

### Brazilian Real Denominated Government

#### Bonds – 1.49%; 28.2.2023 0.00%

R\$32,574,000	Brazil Notas do Tesouro Nacional Serie F 10% 1/1/2033	5,056	1.49
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### COLLECTIVE INVESTMENT

#### SCHEMES – 74.70%; 28.2.2023 63.46%

#### Equity Funds – 17.24%; 28.2.2023 10.37%

114,999	BlackRock Strategic Funds - Systematic ESG World Equity Fund†	30,797	9.05
1,492,755	BlackRock UK Credit Screened Fund†	22,679	6.67
3,294,726	Bluefield Solar Income Fund	3,743	1.10
636,422	Foresight Solar Fund	586	0.17
22,251	HarbourVest Global Private Equity	493	0.15
590	NB Private Equity Partners	9	0.00
74,851	Oakley Capital Investments	335	0.10
		<b>58,642</b>	<b>17.24</b>

#### Exchange Traded Funds – 15.90%; 28.2.2023 15.00%

554,548	iShares FTSE 250 UCITS ETF†	9,727	2.86
137,083	iShares High Yield Bond UCITS ETF†	10,790	3.17
3,117,680	iShares MSCI EM ESG Enhanced UCITS ETF†	12,670	3.72
35,955	iShares MSCI UK Small Cap UCITS ETF†	7,241	2.13

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
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458,244	iShares Physical Gold ETC†	13,675	4.02
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**54,103 15.90**

#### Fixed Income Funds – 12.57%; 28.2.2023 15.57%

1,535,863	iShares US Corporate Bond Index Fund	33,428	9.82
130,088	iShares USD High Yield Bond UCITS ETF†	9,356	2.75

**42,784 12.57**

#### Investment Trusts – 2.81%; 28.2.2023 2.93%

6,404,164	Greencoat UK Wind <sup>o</sup>	9,087	2.67
92,053	HgCapital Trust	360	0.11
424	ICG Enterprise Trust	5	0.00
35,807	Pantheon International	99	0.03

**9,551 2.81**

#### Short-term Money Market Funds – 26.18%; 28.2.2023 19.59%

53,782	BlackRock ICS Euro Liquid Environmentally Aware Fund†	4,630	1.36
502,003	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class†	50,188	14.75
434,325	BlackRock ICS US Dollar Liquid Environmentally Aware Fund Agency Income Class†	34,269	10.07

**89,087 26.18**

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives Value £000's	Market Value £000's	% of Total Net Assets
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## DERIVATIVES – (0.86%); 28.2.2023 (0.80%)

### Forward Currency Contracts – (1.32%); 28.2.2023 (0.03%)

€12,208,000	Euro vs UK Sterling	10,489	(65)	(0.02)
INR 1,840,900,000	Indian Rupee vs US Dollar	34,709	(95)	(0.03)
¥973,380,000	Japanese Yen vs US Dollar	10,917	(321)	(0.10)
TWD 114,100,000	Taiwan Dollar vs US Dollar	5,697	(38)	(0.01)
£44,930,592	UK Sterling vs Euro	44,966	(35)	(0.01)
£154,105,593	UK Sterling vs US Dollar	158,482	(4,376)	(1.28)
US\$6,740,369	US Dollar vs Japanese Yen	10,613	17	0.00
US\$25,768,922	US Dollar vs Taiwan Dollar	40,202	437	0.13
		<b>316,075</b>	<b>(4,476)</b>	<b>(1.32)</b>



# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Exposure – Underlying Derivatives £000's	Market Value £000's	% of Total Net Assets
<b>Futures – 0.09%; 28.2.2023 (0.94%)</b>				
59	Australia 10 Year Bond September 2023	2,889	(5)	0.00
(207)	FTSE 100 Index September 2023	15,504	233	0.07
18	NIKKEI 225 (OSE) September 2023	3,168	(80)	(0.02)
(252)	STOXX EUROPE 600 September 2023	4,976	44	0.01
133	US 10 Year Note (CBT) December 2023	11,638	96	0.03
		<b>38,175</b>	<b>288</b>	<b>0.09</b>
<b>Inflation Swaps – (0.15%); 28.2.2023 (0.13%)</b>				
739,000	Goldman Sachs (Euro) 2.495% vs Variable 15/4/2052	553	(83)	(0.02)
535,375	Goldman Sachs (Euro) 2.5075% vs Variable 15/4/2052	402	(59)	(0.02)
748,000	Goldman Sachs (Euro) 2.535% vs Variable 15/4/2052	567	(77)	(0.02)
689,000	Goldman Sachs (Euro) 2.58% vs Variable 15/3/2052	522	(68)	(0.02)
3,816,475	Morgan Stanley (Euro) 2.7575% vs Variable 15/5/2053	3,307	33	0.01
1,259,981	UBS (Euro) 2.56% vs Variable 15/4/2052	963	(121)	(0.04)
1,500,000	UBS (Euro) 2.585% vs Variable 15/4/2052	1,156	(135)	(0.04)
		<b>7,470</b>	<b>(510)</b>	<b>(0.15)</b>
<b>Options – 0.13%; 28.2.2023 0.06%</b>				
18,150,000	Goldman Sachs International (US Dollar Call Japanese Yen Put Call 1/3/2033 @ 136.0)	236	236	0.07
8,340,479	S&P 500 Put 15/12/2023 125	1	1	0.00
(48)	S&P 500 Put 15/12/2023 3950	1,582	(86)	(0.02)
48	S&P 500 Put 15/12/2023 4400	5,272	278	0.08
		<b>7,091</b>	<b>429</b>	<b>0.13</b>
<b>Total Return Swaps – 0.39%; 28.2.2023 0.24%</b>				
38,585	Barclays Bank (Volatility Carry Strategy Index) 17/11/2023	4,747	26	0.01
3,236	Citibank (Global Brands Basket Index) 1/9/2023	8,882	1,959	0.57
14,847	HSBC (Transition Leader Long Basket Index) 13/12/2023	1,409	(14)	(0.01)
14,847	HSBC (Transition Leader Long Basket Index) 13/12/2023	1,409	(14)	(0.01)
7,423	HSBC (Transition Leader Long Basket Index) 13/12/2023	704	(7)	0.00
14,847	HSBC (Transition Leader Long Basket Index) 13/12/2023	1,409	(14)	0.00
11,200	HSBC (Transition Leader Long Basket Index) 13/12/2023	1,062	(10)	0.00
11,199	HSBC (Transition Leader Long Basket Index) 13/12/2023	1,062	(10)	0.00
31,736	HSBC (Transition Leader Short Basket Index) 13/12/2023	3,384	(171)	(0.05)
133,320	JP Morgan Chase Bank (USD Rates Volatility Strategy Index) 21/2/2024	10,510	(176)	(0.05)
3,743	Morgan Stanley International (MSVCDRSE) 26/7/2024	1,621	(18)	(0.01)

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Exposure – Derivatives £000's	Underlying Market Value £000's	% of Total Net Assets
577,209	UBS (Aquantum Scarcity Premium Commodity Index) 9/8/2024	7,604	(210)	(0.06)
		<b>43,803</b>	<b>1,341</b>	<b>0.39</b>
<b>Portfolio of investments</b>			<b>339,144</b>	<b>99.67</b>
Net other assets			1,133	0.33
<b>Total net assets</b>			<b>340,277</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 counterparties for the forward currency contracts are BNP Paribas Arbitrage SNC, Citigroup Global Markets Limited, Deutsche Bank AG, Goldman Sachs International, HSBC Bank Plc, Morgan Stanley & Co. International Plc, Toronto-Dominion Bank and UBS AG.

The total return swaps ("TRS") shown in the portfolio statement starting on page 16 are expressed at both their mark-to-market and original notional value, which when added together represent the current notional value of the TRS. The current notional value of a TRS represents the reference amount used to calculate payments between the counterparties to the TRS. The full notional value represents the economic interest in the security underlying the TRS, but does not change hands in full between the counterparties.

<sup>1</sup> These securities were valued in consultation with the Manager. These securities were fair valued or suspended at financial period end.

<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

	£000's	31.8.2023 £000's	£000's	31.8.2022 £000's
Income				
Net capital gains/(losses)		3,172		(16,863)
Revenue	5,349		2,772	
Expenses	(2)		(3)	
Interest payable and similar charges	(59)		(225)	
Net revenue before taxation	5,288		2,544	
Taxation	(846)		(305)	
Net revenue after taxation		4,442		2,239
Total return before distributions		7,614		(14,624)
Distributions		(4,437)		(2,239)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>3,177</b>		<b>(16,863)</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>		368,095		450,912
Amounts receivable on issue of units	19,393		23,443	
Amounts payable on cancellation of units	(54,811)		(52,653)	
		(35,418)		(29,210)
Change in net assets attributable to unitholders from investment activities		3,177		(16,863)
Retained distribution on accumulation units		4,423		2,194
<b>Closing net assets attributable to unitholders</b>		<b>340,277</b>		<b>407,033</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	345,432	314,494
Current assets		
– Debtors	1,844	1,310
– Cash and bank balances	1,179	56,209
– Cash collateral posted	1,507	4,422
<b>Total assets</b>	<b>349,962</b>	<b>376,435</b>
<b>Liabilities:</b>		
Investment liabilities	(6,288)	(7,119)
Creditors		
– Amounts due to futures clearing houses and brokers	(378)	(404)
– Other creditors	(3,019)	(817)
<b>Total liabilities</b>	<b>(9,685)</b>	<b>(8,340)</b>
<b>Net assets attributable to unitholders</b>	<b>340,277</b>	<b>368,095</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 and Total Return Swaps (TRS)

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.

All TRS are entered into by the Fund under an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs OTC FDIs (including TRS) entered into by the parties. The parties' exposures under the ISDA Master Agreement are netted and collateralised together, therefore any collateral disclosures provided are in respect of all OTC FDIs entered into by the Fund under the ISDA Master Agreement, not just TRS. All collateral received/posted by the Fund under the ISDA Master Agreement is transferred bilaterally under a title transfer arrangement.

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) and the value of TRS as a proportion of the Fund's NAV, as at 31 August 2023. The income/returns earned from securities lending and TRS respectively are also shown 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. The value of TRS is based on the underlying exposure value on a gross absolute basis.

Securities on loan			TRS	
% of lendable assets	% of NAV	Income earned £000's	% of NAV	Returns earned £000's
12.71	5.56	92	0.39	(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.

All returns and costs from TRS will accrue to the Fund and are not subject to any returns or cost sharing arrangements with the Fund's Manager or any other third parties.

## 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 and the underlying exposure value on a gross absolute basis for TRS, analysed by counterparty as at 31 August 2023.

Counterparty	Counterparty's country of establishment	Securities Lending		TRS
		Amount on loan	Collateral received	Underlying exposure
		£000's	£000's	£000's
Barclays Capital Securities Limited	UK	2,068	2,182	4,747
BNP Paribas	France	1,843	2,121	–
Citigroup Global Markets Limited	UK	–	–	8,882
Credit Suisse International	UK	345	369	–
Goldman Sachs International	UK	183	196	–
HSBC Bank	UK	2,875	3,328	10,439
J.P. Morgan Securities Plc	UK	9,391	10,250	10,510
Morgan Stanley International	UK	117	122	1,621
The Bank of Nova Scotia	Canada	53	57	–
UBS	Switzerland	2,035	2,245	7,604
<b>Total</b>		<b>18,910</b>	<b>20,870</b>	<b>43,803</b>

The following table provides an analysis of the maturity tenor of TRS as at 31 August 2023.

	Maturity Tenor					Total
	1 - 30 days	31 - 90 days	91 - 365 days	More than 365 days	Open transactions	
	£000's	£000's	£000's	£000's	£000's	
TRS	8,882	4,747	19,735	10,439	–	<b>43,803</b>

The above maturity tenor analysis has been based on the respective transaction contractual maturity date. 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 (including TRS), 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
<b>Securities lending transactions</b>				
AUD	–	–	437	–
CAD	–	–	796	–
CNY	–	–	2,709	–
DKK	–	–	28	–
EUR	–	–	1,707	–
GBP	–	–	993	–
HKD	–	–	251	–
JPY	–	–	996	–
NOK	–	–	231	–
SEK	–	–	43	–
SGD	–	–	43	–
USD	–	–	12,636	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>20,870</b>	<b>–</b>
<b>OTC FDIs</b>				
GBP	–	1,507	–	–
	<b>–</b>	<b>1,507</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>–</b>	<b>1,507</b>	<b>20,870</b>	<b>–</b>

All cash posted as collateral has an open maturity tenor as it's not subject to a contractual maturity date.

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions and OTC FDIs 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 and OTC FDIs (including TRS), 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	–	32	44	–	7,062	–	<b>7,138</b>
<b>Equities</b>							
Recognised equity index	–	–	–	–	–	13,531	<b>13,531</b>
<b>ETFs</b>							
UCITS	–	–	–	–	–	13	<b>13</b>
Non-UCITS	–	–	–	–	–	188	<b>188</b>
<b>Total</b>	<b>–</b>	<b>32</b>	<b>44</b>	<b>–</b>	<b>7,062</b>	<b>13,732</b>	<b>20,870</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 and OTC FDI (including TRS) 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 and OTC FDIs as at 31 August 2023.

Issuer	Value £000's	% of the Fund's NAV
United States of America (Government)	4,465	1.31
Tencent Holdings Ltd	1,831	0.54
Alibaba Group Holding Ltd	1,469	0.43
United Kingdom of Great Britain and Northern Ireland (Government)	924	0.27
TC Energy Corp	782	0.23
Taiwan Semiconductor Manufacturing Co Ltd	378	0.11
Austria, Republic of (Government)	336	0.10
Finland, Republic of (Government)	324	0.10
Australia, Commonwealth of (Government)	320	0.09
Recruit Holdings Co Ltd	318	0.09
Other issuers	9,723	2.86
<b>Total</b>	<b>20,870</b>	<b>6.13</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.

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

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