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Interim report

BlackRock Emerging Markets Fund

For the six months ended 31 August 2019

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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

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Trustee & Custodian

The Bank of New York Mellon (International) Limited
One Canada Square, London E14 5AL

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 Futures Commission.

Securities Lending Agent

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

Authorised and regulated by the FCA

Auditor

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

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

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

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For your protection, telephone calls are usually recorded.

* Non-executive Director.

Investment Report

for the period ended 31 August 2019

Investment Objective

The aim of the Fund is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund) (gross of fees) over the long term (5 or more consecutive years beginning at the point of investment), by investing in companies incorporated or listed in emerging markets.

Comparator benchmark	Investment management approach
MSCI Emerging Markets Index	Active

Performance Summary

The following table compares the realised Fund performance against the performance of the relevant performance measure during the financial period ended 31 August 2019.

The returns disclosed are the performance returns for the primary unit class for the Fund, net of fees, 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 return %	Comparator benchmark %
Class D Accumulation Units	8.26	4.11

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. Changes in exchange rates may cause the value of an investment to fluctuate. 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"), posted a return of 2.73% for the six months ended 31 August 2019. During the reporting period, stocks oscillated between rising prices and low volatility to periodic bouts of declining prices and elevated volatility. Hopes that the decade-long U.S. economic expansion would continue ultimately drove equities higher, as the chief uncertainties—strained trade relations in many parts of the world and slowing economic growth—were quelled by the resumption of U.S./China trade talks and signs of accommodative monetary policy from the world's most influential central banks. Intermittent volatility meant developed markets led emerging markets for the reporting period as investors sought out less risky assets. For example, the MSCI Europe ex-UK returned approximately 12%, as expectations of further stimulus by the European Central Bank ("ECB") buoyed equity performance in Continental Europe.

In the global bond markets, low inflation, risk aversion, and demand for yield led to higher bond prices despite yields near historic lows. Long-term interest rates declined sharply due to low inflation in most developed countries, while short-term interest rates decreased due to expectations of additional stimulus by central banks. As a result, a portion of the U.S. yield curve (a graphic representation of bond yields at different maturities) inverted for the first time since 2005. Investors took this as a sign that recession could be imminent, exacerbating concerns about the economy and corporate profits.

Government bonds generally outperformed corporate bonds across the globe, as modest corporate profits and slowing growth drove demand for less volatile investments. Nevertheless, corporate bonds still posted a solid return, as European spreads—the yield premium of corporate bonds relative to government bonds—declined slightly, and demand for credit remained robust. In Europe, investor demand for the relative stability of fixed-income securities was strong despite negative short-term interest rate policy by the ECB, excess liquidity, and institutional demand for bonds, all of which led to negative yields for approximately 60% of the government bond market and for 40% of the corporate bond market. Emerging market bonds generally performed in line with other international bonds.

In the commodities market, gold prices rose more than 15% amid geopolitical tensions, as central banks and exchange-traded funds increased their gold purchases. Negative yields in the bond market also contributed to rising gold prices, as investors looked to gold as a store of value. In contrast, the price of Brent Crude oil fell approximately 10% due to slower growth and concerns about oversupply.

Looking at currencies, the U.S. dollar generally outperformed other currencies due to relatively stronger economic growth, higher interest rates, and declining inflation. Expectations that the ECB would lower interest rates and resume monetary stimulus weighed on the euro. The British pound also depreciated against the U.S. dollar, hindered by slower growth and uncertainty surrounding the U.K.'s possible departure from the European Union ("E.U."). In contrast, the Japanese yen, which tends to benefit from global economic uncertainty, advanced against the U.S. dollar. The stronger U.S. dollar generally helped the performance of international investors in U.S. securities.

In economic news, although the U.S. economy continued to grow at an annualised rate of approximately 2.5%, most developed countries experienced weak growth. Growth in Europe remained sluggish at under 1%, with quarterly contractions in Germany and the U.K., the two largest European economies. Despite rising consumer spending, economic growth in Japan was tepid, as exports declined for nine straight months. China, the world's second largest economy, saw growth slow to a pace of approximately 6%, as exports fell and industrial output hit a 17-year low. Relatively restrictive monetary policy by the U.S. Federal Reserve (the "Fed") for most of the reporting period and the ongoing trade dispute between the U.S. and China both had a cooling effect on global growth.

In response to the economic slowdown and benign inflation, central banks dramatically shifted monetary policy away from restrictive conditions toward more accommodative policies. Notably, emerging market central banks were the first to cut short-term interest rates in anticipation of a rate cut by the Fed, which lowered rates in July 2019, the first rate cut since the financial crisis in 2008. The ECB also changed its outlook by signaling a high likelihood of future rate cuts and the return of its bond purchase program, while the Bank of Japan renewed its commitment to future economic stimulus. The sea change in central bank policy raised investors' optimism that a deepening downturn could be averted, which generally helped the performance of riskier assets.

Geopolitical risks remained elevated during the reporting period, which dampened returns for riskier assets, as the trade dispute between China and the U.S. alternated between retaliatory tariffs and the resumption of trade talks. Geopolitical strains in the Middle East, including tensions between the U.S. and Iran, civil war in Yemen, drone attacks throughout the region, and an ongoing Saudi-led trade embargo of Qatar further contributed to volatility in markets. Uncertainty surrounding Brexit also dampened market sentiment, as the European Union granted the U.K. an extension to its deadline for leaving the E.U., but political turmoil related to disentangling their economies and the timing of the U.K.'s withdrawal highlighted a relatively fluid range of possible outcomes.

Fund Performance Review and Activity

Over the six-month period to 31 August 2019, the Fund's active return was +4.15%, outperforming its performance measure (active return is the difference between the Fund's return and the performance measure return).

Stock selection in China contributed to returns the most over the period, while our allocation to Taiwan was the largest detractor driven by our underweight in Technology as the sector proved to be quite defensive.

On an individual stock level, being overweight Notre Dame Intermédica, the Brazilian healthcare plan and hospital operator company, benefitted the Fund the most, while our overweight position in Argentinian financial company, Grupo Financiero Galicia, weighed on performance and was the largest individual detractor on a relative basis.

During the period the following positions were the largest contributors to and detractors from the Fund's return relative to its respective benchmark:

Largest Contributors		Largest Detractors	
Stock	Effect on Fund return	Stock	Effect on Fund return
Notre Dame Intermédica [#]	1.43%	Grupo Financiero Galicia [#]	-0.71%
Li Ning [#]	1.28%	TSMC [^]	-0.37%
Sberbank [#]	0.53%	SK [#]	-0.33%
HDFC Bank [#]	0.43%	Yes Bank [#]	-0.35%
Copa [#]	0.41%	H&H International [#]	-0.36%

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

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

Notre Dame Intermédica, contributed relative performance following strong results in May. The shares continued to trade positively in the following months.

Li Ning, the Chinese sportswear company, was a strong performer too as the company reported preliminary 1H 2019 results which showed top line revenue growth accelerated due to margin expansion, beating market expectations.

Our position in Argentine lender, Grupo Financiero Galicia, cost the Fund as the country voted against market-friendly Mauricio Macri and in favour of populist Alberto Fernandez in the August primary ahead of the election on 27 October. Our macro view had been improving based on Macri's proposed reform agenda. However post the vote and resulting volatility, the position was hit as the market questioned the country's ability to repay its debt. Thus, we have reduced the position substantially.

Being underweight TSMC, the Taiwanese integrated circuits foundry, also detracted as the stock gained on the back of the encouraging Q2 results with revenue up 3% year-on-year after a 16% drop in the first three months of the year. TSMC had reported June strength with revenue up 22% year-on-year and also upped Q3 guidance predicting revenue of \$9.1B to \$9.2B (beating consensus: \$8.93B).

Investment Report continued

The following table details the significant active positions, where the Fund is overweight (holds more exposure than the benchmark) and underweight (holds less exposure than the benchmark), at 31 August 2019 and 28 February 2019:

Top overweight positions			
31 August 2019		28 February 2019	
Country	Active position	Country	Active position
Brazil	3.4%	Mexico	2.9%
Mexico	3.3%	China	2.2%
Russia	3.1%	Argentina	2.1%

Top underweight positions			
31 August 2019		28 February 2019	
Country	Active position	Country	Active position
China	-2.5%	Philippines	-1.1%
India	-2.5%	Malaysia	-2.3%
Saudi Arabia	-2.6%	Taiwan	-3.1%

Notable changes in position are the following: Our overweight position in India has shifted to underweight on the back of concerns around the financial sectors, particularly around the non-banking financial companies. The credit issues that have started to surface last year are still drying up local liquidity and access to funding which is starting to impact the real economy. Valuations are still high in our views.

Where the Fund is underweight a stock, the return from such stock will have an opposite effect on the Fund's return relative to the benchmark. This is due to the benchmark benefitting from the position which the Fund has not.

Performance Record

Net Asset Value

At 31 August 2019	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	891,836	4,355	488.3
A Accumulation	16,157,353	86,573	535.8
X Accumulation	17,372,431	18,797	108.2
D Income	4,782,003	23,443	490.2
D Accumulation	25,778,574	146,963	570.1
S Accumulation	100	–	102.7

Distributions Payable for the period to 31 August 2019

Any income available will be distributed annually on 30 April.

Operating Charges

Unit Class	1.3.2019 to 31.8.2019	1.3.2018 to 28.2.2019
A Income	1.72%	1.76%
A Accumulation	1.72%	1.76%
X Accumulation	0.07%	0.11%
D Income	0.97%	1.00%
D Accumulation	0.97%	1.00%
S Accumulation	0.90%	N/A

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 2019

Holding or Nominal Value Investment	Market Value £000's	% of Total Net Assets
EQUITIES – 85.65%; 28.2.2019 95.93%		
ARGENTINA – 0.05%; 28.2.2019 2.15%		
Banks – 0.05%; 28.2.2019 2.15%		
16,799 Grupo Financiero Galicia	149	0.05
BRAZIL – 10.88%; 28.2.2019 8.33%		
Banks – 0.99%; 28.2.2019 0.00%		
411,751 Itau Unibanco	2,779	0.99
Electricity – 1.53%; 28.2.2019 0.00%		
1,040,793 Neoenergia	4,292	1.53
Food Producers – 1.64%; 28.2.2019 0.00%		
205,160 Cia Brasileira de Distribuicao	3,569	1.27
59,763 Cia Brasileira de Distribuicao	1,036	0.37
	4,605	1.64
Healthcare Services – 2.63%; 28.2.2019 3.10%		
662,087 Notre Dame Intermedica Participacoes	7,355	2.63
Insurance – 1.59%; 28.2.2019 1.56%		
687,021 BB Seguridade Participacoes	4,460	1.59
Internet – 0.16%; 28.2.2019 0.00%		
49,250 B2W Cia Digital	460	0.16
3,618 B2W Cia Digital Rights 22/9/2019	6	0.00
	466	0.16
Oil & Gas Producers – 2.34%; 28.2.2019 2.42%		
590,070 Petroleo Brasileiro	6,560	2.34
Retail – 0.00%; 28.2.2019 1.25%		
CHINA – 18.26%; 28.2.2019 27.02%		
Banks – 0.00%; 28.2.2019 3.93%		
Beverages – 0.00%; 28.2.2019 1.76%		
Healthcare Products – 1.26%; 28.2.2019 0.00%		
164,800 Shenzhen Mindray Bio-Medical Electronics	3,523	1.26
Insurance – 2.79%; 28.2.2019 5.03%		
830,500 Ping An Insurance ^o	7,824	2.79
Internet – 7.65%; 28.2.2019 8.47%		
87,810 Alibaba	12,617	4.50
245,520 iQIYI ^o	3,685	1.32
658,700 Meituan Dianping ^o	5,126	1.83
	21,428	7.65
Miscellaneous Manufacturing – 0.16%; 28.2.2019 3.20%		
43,800 Wuhan Raycus Fiber Laser Technologies	459	0.16

Portfolio Statement (unaudited) continued

Holding or Nominal Value Investment	Market Value £000's	% of Total Net Assets
Oil & Gas Producers – 1.12%; 28.2.2019 1.25% 2,564,000 CNOOC	3,138	1.12
Pharmaceuticals – 1.42%; 28.2.2019 0.00% 316,891 Asymchem Laboratories Tianjin	3,984	1.42
Retail – 1.84%; 28.2.2019 1.56% 2,125,000 Li Ning	5,144	1.84
Software – 2.02%; 28.2.2019 1.82% 187,372 Momo ^o	5,657	2.02
EGYPT – 1.30%; 28.2.2019 0.60%		
Banks – 1.30%; 28.2.2019 0.60% 935,740 Commercial International Bank Egypt	3,633	1.30
HONG KONG – 4.98%; 28.2.2019 5.55%		
Food Producers – 0.84%; 28.2.2019 0.00% 686,000 Health & Happiness H&H International ^o	2,347	0.84
Investment Companies – 0.00%; 28.2.2019 0.00% 2,094,100 Euro-Asia Agricultural*	–	0.00
Lodging – 1.74%; 28.2.2019 2.66% 6,289,000 SJM ^o	4,877	1.74
Oil & Gas Producers – 1.74%; 28.2.2019 1.01% 6,804,000 Kunlun Energy	4,870	1.74
Real Estate Investment & Services – 0.66%; 28.2.2019 1.88% 718,000 China Overseas Land & Investment ^o	1,862	0.66
INDIA – 6.17%; 28.2.2019 7.62%		
Banks – 1.62%; 28.2.2019 2.58% 177,336 HDFC Bank	4,550	1.62
Healthcare Services – 0.79%; 28.2.2019 1.05% 1,561,213 Fortis Healthcare	2,224	0.79
Iron & Steel – 0.48%; 28.2.2019 0.95% 1,200,377 Jindal Steel & Power	1,338	0.48
Pharmaceuticals – 0.00%; 28.2.2019 1.55%		
Pipelines – 1.41%; 28.2.2019 0.00% 1,286,180 Petronet LNG	3,945	1.41
Retail – 0.00%; 28.2.2019 1.49%		
Software – 1.87%; 28.2.2019 0.00% 655,056 Tech Mahindra	5,243	1.87
INDONESIA – 3.21%; 28.2.2019 4.16%		
Banks – 1.30%; 28.2.2019 1.70% 8,688,900 Bank Mandiri Persero	3,634	1.30

Portfolio Statement (unaudited) continued

Holding or Nominal Value Investment	Market Value £000's	% of Total Net Assets
Building Materials – 0.00%; 28.2.2019 1.22%		
Retail – 1.91%; 28.2.2019 1.24%		
13,872,600 Astra International	5,340	1.91
ISRAEL – 0.67%; 28.2.2019 1.50%		
Chemicals – 0.67%; 28.2.2019 1.50%		
502,849 Israel Chemicals	1,864	0.67
ITALY – 0.58%; 28.2.2019 0.41%		
Apparel – 0.58%; 28.2.2019 0.41%		
700,800 Prada ^o	1,612	0.58
MACAU – 0.00%; 28.2.2019 1.68%		
Lodging – 0.00%; 28.2.2019 1.68%		
MEXICO – 5.82%; 28.2.2019 5.53%		
Banks – 1.97%; 28.2.2019 1.98%		
1,246,111 Grupo Financiero Banorte	5,507	1.97
Beverages – 2.41%; 28.2.2019 1.64%		
573,219 Fomento Economico Mexicano	4,284	1.53
32,841 Fomento Economico Mexicano	2,464	0.88
	6,748	2.41
Building Materials – 0.10%; 28.2.2019 0.00%		
89,970 Cemex	276	0.10
Engineering & Construction – 1.34%; 28.2.2019 1.47%		
237,614 Grupo Aeroportuario del Pacifico	1,852	0.66
24,465 Grupo Aeroportuario del Pacifico	1,911	0.68
	3,763	1.34
Mining – 0.00%; 28.2.2019 0.44%		
PANAMA – 2.05%; 28.2.2019 1.36%		
Airlines – 2.05%; 28.2.2019 1.36%		
67,850 Copa	5,742	2.05
PHILIPPINES – 1.74%; 28.2.2019 0.00%		
Banks – 1.74%; 28.2.2019 0.00%		
3,525,850 Bank of the Philippine Islands	4,877	1.74
POLAND – 1.16%; 28.2.2019 1.66%		
Banks – 1.16%; 28.2.2019 1.66%		
77,593 Bank Polska Kasa Opieki	1,561	0.56
207,747 Powszechna Kasa Oszczednosci Bank Polski	1,681	0.60
	3,242	1.16

Portfolio Statement (unaudited) continued

Holding or Nominal Value Investment	Market Value £000's	% of Total Net Assets
RUSSIA – 6.97%; 28.2.2019 3.10%		
Banks – 2.85%; 28.2.2019 3.10%		
601,702 Sberbank of Russia	6,754	2.41
446,225 Sberbank of Russia	1,231	0.44
	7,985	2.85
Mining – 1.22%; 28.2.2019 0.00%		
39,713 Polyus	1,864	0.66
16,783 Polyus	1,583	0.56
	3,447	1.22
Oil & Gas Producers – 1.00%; 28.2.2019 0.00%		
7,042,160 Surgutneftegas	2,792	1.00
Telecommunications – 1.90%; 28.2.2019 0.00%		
641,947 Mobile TeleSystems	2,110	0.75
488,989 Mobile TeleSystems	3,224	1.15
	5,334	1.90
SOUTH AFRICA – 0.00%; 28.2.2019 1.21%		
Diversified Financial Services – 0.00%; 28.2.2019 1.21%		
SOUTH KOREA – 12.53%; 28.2.2019 8.96%		
Computers – 0.00%; 28.2.2019 1.19%		
Diversified Financial Services – 0.00%; 28.2.2019 0.04%		
Internet – 2.34%; 28.2.2019 1.89%		
18,066 NCSoft	6,565	2.34
Oil & Gas Producers – 1.14%; 28.2.2019 0.00%		
23,664 SK	3,200	1.14
Semiconductors – 7.58%; 28.2.2019 4.60%		
510,192 Samsung Electronics	15,201	5.43
114,560 SK Hynix	6,011	2.15
	21,212	7.58
Telecommunications – 1.47%; 28.2.2019 1.24%		
24,338 Samsung SDI	4,108	1.47
TAIWAN – 4.30%; 28.2.2019 8.16%		
Electronics – 0.45%; 28.2.2019 0.31%		
330,788 Merry Electronics	1,263	0.45
Miscellaneous Manufacturing – 0.00%; 28.2.2019 1.28%		
Semiconductors – 3.85%; 28.2.2019 6.57%		
1,703,000 Nanya Technology	3,130	1.12

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
150,945	Silicon Motion Technology	4,000	1.43
539,000	Taiwan Semiconductor Manufacturing	3,642	1.30
		10,772	3.85
THAILAND – 2.94%; 28.2.2019 2.38%			
Banks – 0.00%; 28.2.2019 1.15%			
Food Producers – 1.66%; 28.2.2019 0.00%			
5,907,100	Charoen Pokphand Foods	4,641	1.66
Home Builders – 1.28%; 28.2.2019 1.23%			
10,732,000	Land & Houses	3,084	1.10
1,769,200	Land & Houses	509	0.18
		3,593	1.28
TURKEY – 0.91%; 28.2.2019 1.25%			
Mining – 0.91%; 28.2.2019 1.25%			
263,812	Koza Altin Isletmeleri	2,539	0.91
UNITED ARAB EMIRATES – 0.83%; 28.2.2019 1.33%			
Healthcare Services – 0.83%; 28.2.2019 1.33%			
92,987	NMC Health ^o	2,325	0.83
UNITED KINGDOM – 0.30%; 28.2.2019 0.44%			
Electronics – 0.30%; 28.2.2019 0.44%			
219,074	Merry Electronics Warrants 1/2/2028	836	0.30
UNITED STATES OF AMERICA – 0.00%; 28.2.2019 1.53%			
Computers – 0.00%; 28.2.2019 1.53%			
COLLECTIVE INVESTMENT SCHEMES – 5.64%; 28.2.2019 0.00%			
Short-term Money Market Funds – 5.64%; 28.2.2019 0.00%			
157,999	Institutional Cash Series plc - Institutional Sterling Liquidity Environmentally Aware Fund [†]	15,801	5.64
Underlying Exposure – Derivatives £000's			
DERIVATIVES – (0.16%); 28.2.2019 0.11%			
UK Sterling – (0.12%); 28.2.2019 0.12%			
CFDs Long – (0.12%); 28.2.2019 0.12%			
Healthcare Services – 0.03%; 28.2.2019 0.00%			
21,025	NMC Health	526	0.03
Insurance – (0.15%); 28.2.2019 0.13%			
262,409	Prudential	3,589	(0.15)
Mining – 0.00%; 28.2.2019 (0.01%)			

Portfolio Statement (unaudited) continued

Holding or Nominal Value Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
Egyptian Pound – 0.02%; 28.2.2019 0.00%			
CFDs Long – 0.02%; 28.2.2019 0.00%			
Banks – 0.02%; 28.2.2019 0.00%			
326,435 Commercial International Bank Egypt	1,264	47	0.02
Hong Kong Dollar – 0.05%; 28.2.2019 0.00%			
CFDs Long – 0.05%; 28.2.2019 0.00%			
Banks – 0.01%; 28.2.2019 0.00%			
20,035,000 Bank of China	6,257	30	0.01
Internet – 0.04%; 28.2.2019 0.00%			
314,700 Tencent	10,705	125	0.04
Taiwan Dollar – (0.01%); 28.2.2019 (0.01%)			
CFDs Long – (0.01%); 28.2.2019 (0.01%)			
Electronics – (0.01%); 28.2.2019 (0.01%)			
113,899 Merry Electronics	435	(13)	(0.01)
Thai Baht – 0.00%; 28.2.2019 0.00%			
CFDs Long – 0.00%; 28.2.2019 0.00%			
Home Builders – 0.00%; 28.2.2019 0.00%			
324,800 Land & Houses	93	(3)	0.00
Forward Currency Contracts – (0.03%); 28.2.2019 0.00%			
MXN 251,606,694 Mexican peso vs UK sterling	10,264	(269)	(0.09)
TRY 15,528,183 New Turkish lira vs US dollar	4,430	(78)	(0.03)
£10,533,206 UK sterling vs US dollar	10,528	5	0.00
US\$16,703,355 US dollar vs Hong Kong dollar	27,123	(13)	0.00
US\$12,751,942 US dollar vs Mexican peso	20,728	200	0.07
US\$2,761,793 US dollar vs New Turkish lira	4,442	91	0.03
US\$6,194,053 US dollar vs South Korean won	10,162	(22)	(0.01)
	87,677	(86)	(0.03)
Futures – (0.07%); 28.2.2019 0.00%			
238 MSCI Emerging Markets September 2019	9,615	(199)	(0.07)
Portfolio of investments		255,287	91.13

Portfolio Statement (unaudited) continued

Holding or Nominal Value Investment	Market Value £000's	% of Total Net Assets
CASH EQUIVALENTS		
Short-term Money Market Funds – 0.00%; 28.2.2019 2.64%		
Net other assets	24,844	8.87
Total net assets	280,131	100.00

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

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

* Includes delisted securities fair valued at zero.

† Managed by a related party.

The counterparties for the forward currency contracts are Bank of America Merrill Lynch, BNP Paribas SNC, Bank of New York Mellon, Deutsche Bank AG, HSBC Bank Plc and J.P. Morgan Securities Plc.

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

Statement of Total Return (unaudited)

for the six months ended 31 August 2019

	£000's	31.8.2019 £000's	£000's	31.8.2018 £000's
Income				
Net capital gains/(losses)		14,824		(9,968)
Revenue	5,086		2,486	
Expenses	(1,416)		(1,140)	
Interest payable and similar charges	(40)		–	
Net revenue before taxation	3,630		1,346	
Taxation	(393)		(203)	
Net revenue after taxation		3,237		1,143
Total return before distributions		18,061		–
Change in net assets attributable to unitholders from investment activities		18,061		(8,825)

Statement of Change in Net Assets Attributable to Unitholders (unaudited)

for the six months ended 31 August 2019

	£000's	31.8.2019 £000's	£000's	31.8.2018 £000's
Opening net assets attributable to unitholders				
		199,261		167,668
Amounts receivable on issue of units	106,909		38,139	
Amounts payable on cancellation of units	(44,100)		(29,727)	
		62,809		8,412
Change in net assets attributable to unitholders from investment activities		18,061		(8,825)
Closing net assets attributable to unitholders		280,131		167,255

The above statement shows the comparative closing net assets at 31 August 2018 whereas the current accounting period commenced 1 March 2019.

Balance Sheet (unaudited)

at 31 August 2019

	31.8.2019 £000's	28.2.2019 £000's
Assets:		
Fixed assets		
– Investment assets	256,313	191,405
Current assets		
– Debtors	24,671	1,128
– Cash and bank balances	2,800	4,435
– Cash collateral posted	340	–
– Cash equivalents	–	5,259
Total assets	284,124	202,227
Liabilities:		
Investment liabilities	(1,026)	(33)
Creditors		
– Distributions payable	–	(186)
– Other creditors	(2,967)	(2,747)
Total liabilities	(3,993)	(2,966)
Net assets attributable to unitholders	280,131	199,261

G D Bamping (Director)

M T Zemek (Director)

BlackRock Fund Managers Limited

29 October 2019

Notes to Financial Statements (unaudited)

for the six months ended 31 August 2019

Accounting Policies

The financial statements have been prepared in accordance with 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 2019 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, such as repurchase/reverse repurchase transactions ("repo transactions") and securities lending.

Securities Lending and Contracts for Difference (CFDs)

Securities lending transactions entered into by the Fund are subject to a written legal agreement between the Fund and the Securities Lending Agent, BlackRock Advisors (UK) Limited, a related party to the Fund, and separately between the Securities 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 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) and the value of CFDs as a proportion of the Fund's NAV, as at 31 August 2019. The income/returns earned from securities lending and CFDs respectively are also shown for the period ended 31 August 2019. 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 CFDs is based on the underlying exposure value on a gross absolute basis.

Securities on loan			CFDs	
% of lendable assets	% of NAV	Income earned £000's	% of NAV	Returns earned £000's
16.29	7.64	47	8.16	135

The total income earned from securities lending transactions is split between the relevant Fund and the Securities Lending Agent. The Fund receives 62.5% while the Securities Lending Agent receives 37.5% of such income, with all operational costs borne out of the Securities 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 and the underlying exposure value on a gross absolute basis for CFDs, analysed by counterparty as at 31 August 2019.

Counterparty	Counterparty's country of establishment	Securities Lending		CFDs
		Amount on loan	Collateral received	Underlying exposure
		£000's	£000's	£000's
Credit Suisse AG Dublin Branch	Ireland	5,991	6,340	–
Credit Suisse Securities (Europe) Limited	UK	3,811	4,152	–
HSBC Bank Plc	UK	3,312	3,713	528
J.P. Morgan Securities Plc	UK	969	1,072	22,341
Merrill Lynch International	UK	198	212	–
Société Générale SA	France	133	147	–
UBS AG	Switzerland	6,986	7,770	–
Total		21,400	23,406	22,869

All securities on loan and CFDs 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 CFDs), as at 31 August 2019.

Currency	Cash collateral received	Cash collateral posted	Non-cash collateral received	Non-cash collateral posted
	£000's	£000's	£000's	£000's
Securities lending transactions				
AUD	–	–	93	–
CAD	–	–	240	–
CHF	–	–	165	–
CNY	–	–	3,335	–
DKK	–	–	45	–
EUR	–	–	3,717	–
GBP	–	–	1,292	–
HKD	–	–	780	–
JPY	–	–	3,673	–
NOK	–	–	61	–
SEK	–	–	170	–
SGD	–	–	45	–
USD	–	–	9,790	–
Total	–	–	23,406	–
OTC FDIs				
GBP	–	340	–	–
	–	340	–	–
Total	–	340	23,406	–

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 CFDs), as at 31 August 2019.

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
Collateral received - securities lending							
Fixed income							
Investment grade	–	49	112	169	1,452	–	1,782
Equities							
Recognised equity index	–	–	–	–	–	21,434	21,434
ETFs							
UCITS	–	–	–	–	–	2	2
Non-UCITS	–	–	–	–	–	188	188
Total	–	49	112	169	1,452	21,624	23,406

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.

As at 31 August 2019, all non-cash collateral received by the Fund in respect of securities lending transactions and OTC FDI (including CFDs) 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 2019.

Issuer	Value	% of The Fund's NAV
	£000's	
UBS AG	7,770	2.78
Credit Suisse AG Dublin Branch	6,340	2.26
Credit Suisse Securities (Europe) Limited	4,152	1.48
HSBC Bank Plc	3,713	1.33
J.P. Morgan Securities Plc	1,072	0.38
Merrill Lynch International	212	0.08
Société Générale SA	147	0.05
Total	23,406	8.36

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 2019, the firm manages £5.65 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. Through BlackRock Solutions, the Firm provides risk management and enterprise investment services for over 200 clients.

BlackRock serves clients in North and South America, Europe, Asia, Australia, Africa, and the Middle East. Headquartered in New York, the firm maintains offices in over 30 countries around the world.

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