



Annual report and audited financial statements

BlackRock Authorised Contractual Scheme 2

- ACS LifePath 2019-2021
- ACS LifePath 2022-2024
- ACS LifePath 2025-2027
- ACS LifePath 2028-2030
- ACS LifePath 2031-2033
- ACS LifePath 2034-2036
- ACS LifePath 2037-2039
- ACS LifePath 2040-2042
- ACS LifePath 2043-2045
- ACS LifePath 2046-2048
- ACS LifePath 2049-2051
- ACS LifePath 2052-2054
- BlackRock Pension Growth Fund

For the year ended 31 December 2020

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GENERAL INFORMATION

Manager

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* M B Cook (resigned 30 October 2020) S Corrigan (appointed 13 January 2021)
W I Cullen* D Edgar (appointed 14 November 2020) R A R Hayes (resigned 13 January 2021)
A M Lawrence H N Mepham L E Watkins (resigned 16 November 2020) M T Zemek*

* Non-executive Director.

Registrar and Transfer Agent

Northern Trust Global Services SE UK Branch
50 Bank Street, Canary Wharf, London E14 5NT
Fund Services Team: 0333 300 0356

Depository and Administrator

Northern Trust Global Services SE UK Branch
50 Bank Street, Canary Wharf, London E14 5NT

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.

Auditor

Ernst & Young LLP
25 Churchill Place, Canary Wharf, London E14 5EY

Custodian

The Northern Trust Company, London Branch
50 Bank Street, Canary Wharf, London E14 5NT

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

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
Fund Services Team: 0333 300 0356
blackrock.co.uk

For your protection, telephone calls are usually recorded.

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ABOUT THE SCHEME

BlackRock Authorised Contractual Scheme 2 (the “Scheme”) is an umbrella Co-Ownership Scheme constituted as a non-UCITS retail scheme (or “NURS”) under the Financial Conduct Authority’s Collective Investment Schemes Sourcebook (the “COLL Sourcebook”), Financial Conduct Authority’s Investment Funds Sourcebook (“FUND”) and was authorised by the Financial Conduct Authority (“FCA”) on 5 April 2018. The Scheme is comprised of separate sub-funds with segregated liability (each referred to as a “Fund” and collectively the “Funds”).

Assessment of value

The FCA has introduced new requirements for UK authorised fund managers to consider whether the charges taken from a fund they manage are justified in the context of the overall service and value offered by that fund, and to report on those findings. BlackRock has fulfilled its obligations in relation to the reporting requirement, including assessing relevant charges, and published the annual assessment of value statements on the BlackRock website on 30 October 2020 in a composite report for all funds managed by BlackRock Fund Managers Limited subject to these requirements.

Cross sub-fund holdings within the Scheme

As at 31 December 2020, there were no cross sub-fund holdings within the Scheme.

The Alternative Investment Fund Managers Regulations 2013

BlackRock Fund Managers Limited (the “Manager”) is authorised and regulated by the FCA with permission to carry on the activity of ‘managing an AIF’ in the United Kingdom. As such, the Manager has been appointed to be the alternative investment fund manager of the Funds, each of which is an alternative investment fund, or ‘AIF’, for the purposes of the AIFMD.

In this document the term “AIFMD” means, collectively, Alternative Investment Fund Managers Directive (Directive 2011/61/EU) as transposed in the UK by UK SI 2013/1773 entitled ‘Financial Services and Markets; The Alternative Investment Fund Managers Regulations 2013’ and supplemented by the Commission Delegated Regulation (EU) No. 231/2013 and any other applicable national implementing measures, including (without limitation) the rules contained in the FCA Handbook, each as may be amended or updated from time to time.

FUND MANAGERS

As at 31 December 2020, the Fund Manager of the Funds, with the exception of the BlackRock Pension Growth Fund, is Stephen Walker. As at 31 December 2020, the Fund Managers of the BlackRock Pension Growth Fund are Bhavik Patel, Fabrizio Coiai and Julian Steeds.

SIGNIFICANT EVENTS

Changes in the Directors of the Manager

M B Cook resigned as a Director effective 30 October 2020. D Edgar was appointed as a Director effective 14 November 2020. L E Watkins resigned as a Director effective 16 November 2020. R A R Hayes has resigned as an executive director and CEO of the BlackRock Fund Managers Limited board effective 13 January 2021. S Corrigan has been appointed as an executive director and CEO of the BlackRock Fund Managers Limited effective 13 January 2021.

Changes to the Scheme

A new Prospectus was issued on 7 December 2020.

Other Significant Events

On 11 May 2020, PNC Financial Services Group Inc. (“PNC”) announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock, Inc.

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SIGNIFICANT EVENTS (continued)

Outbreak of COVID-19

An outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and has now developed into a global pandemic. The impact of this significant event on the Funds' financial risk exposure is disclosed in Note 2.

The Manager has assessed the impact of market conditions arising from the COVID-19 outbreak on the Funds' ability to meet their investment objectives. Based on the latest available information, the Funds continue to be managed in line with their investment objectives, with no disruption to the operations of the Funds and the publication of net asset values.

SUBSEQUENT EVENTS

R A R Hayes has resigned as an executive director and CEO of BlackRock Fund Managers Limited board effective 13 January 2021. S Corrigan has been appointed as an executive director and CEO of BlackRock Fund Managers Limited effective 13 January 2021.

Other than the above, there have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the financial statements for the year ended 31 December 2020.

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INVESTMENT MANAGER'S REPORT

Investment Objective

ACS LifePath Funds

The Funds are target date retirement funds. The Funds' investment objective is to provide a return with an asset allocation that changes over time.

The Funds seek to achieve their investment objective by investing primarily in units of collective investment schemes. These collective investment schemes (which are expected to be predominantly index tracker funds and will typically be Associated Funds) may gain exposure globally to equity securities, fixed-income securities (both government and non-government securities) and alternative asset classes (such as property and commodities). The Funds may also invest directly in transferable securities (equity securities and fixed-income securities), money-market instruments, deposits and cash and near cash. Any exposure to property and commodities will only be gained indirectly by the Funds.

The Funds will adjust their investment strategy as they progress towards their maturity date, from a portfolio of units of collective investment schemes which gain exposure predominantly to equities, towards a portfolio of units of collective investment schemes which gain exposure to approximately 60% fixed-income securities and 40% equities.

BlackRock Pension Growth Fund

The Fund's investment objective is to provide a return with an asset allocation that changes over time.

The Fund seeks to achieve its investment objective by investing primarily in units of collective investment schemes. These collective investment schemes (which are expected to be predominantly index tracker funds and will typically be Associated Funds) may gain exposure globally to equity securities, fixed-income securities (both government and non-government securities) and alternative asset classes (such as property and commodities). The Fund may also invest directly in transferable securities (equity securities and fixed-income securities), money-market instruments, deposits and cash and near cash. Any exposure to property and commodities will only be gained indirectly by the Fund.

Fund name	Comparator benchmark	Investment management approach
ACS LifePath 2019-2021	N/A	Active
ACS LifePath 2022-2024	N/A	Active
ACS LifePath 2025-2027	N/A	Active
ACS LifePath 2028-2030	N/A	Active
ACS LifePath 2031-2033	N/A	Active
ACS LifePath 2034-2036	N/A	Active
ACS LifePath 2037-2039	N/A	Active
ACS LifePath 2040-2042	N/A	Active
ACS LifePath 2043-2045	N/A	Active
ACS LifePath 2046-2048	N/A	Active
ACS LifePath 2049-2051	N/A	Active
ACS LifePath 2052-2054	N/A	Active
BlackRock Pension Growth Fund	Lipper ABI Mixed Investment 40-85% Index	Active

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INVESTMENT MANAGER'S REPORT (continued)

Performance Summary

The below table compares the Funds' realised performance during the financial year ended 31 December 2020.

The returns disclosed are the performance returns for the only unit class for each Fund, net of ongoing charges free of any commissions or rebates, and is freely available.

	Fund return %	Comparator benchmark return %
ACS LifePath 2019-2021 - Class X1 Accumulation Units	8.46%	N/A
ACS LifePath 2022-2024 - Class X1 Accumulation Units	8.72%	N/A
ACS LifePath 2025-2027 - Class X1 Accumulation Units	8.60%	N/A
ACS LifePath 2028-2030 - Class X1 Accumulation Units	8.49%	N/A
ACS LifePath 2031-2033 - Class X1 Accumulation Units	8.54%	N/A
ACS LifePath 2034-2036 - Class X1 Accumulation Units	8.41%	N/A
ACS LifePath 2037-2039 - Class X1 Accumulation Units	8.46%	N/A
ACS LifePath 2040-2042 - Class X1 Accumulation Units	8.34%	N/A
ACS LifePath 2043-2045 - Class X1 Accumulation Units	8.31%	N/A
ACS LifePath 2046-2048 - Class X1 Accumulation Units	8.29%	N/A
ACS LifePath 2049-2051 - Class X1 Accumulation Units	8.27%	N/A
ACS LifePath 2052-2054 - Class X1 Accumulation Units	8.26%	N/A
BlackRock Pension Growth Fund - Class X1 Accumulation Units	8.99%	4.29%

All financial investments involve an element of risk. Therefore, the value of an investment and the income from it will vary and the return of 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.

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INVESTMENT MANAGER'S REPORT (continued)

Global Economic Overview

Global equities, as represented by the MSCI All Country World Index ("ACWI") (in GBP terms), posted a return of 12.67% for the twelve months ended 31 December 2020. After a short period of relatively stable growth at the beginning of the year, the spread of COVID-19 in early 2020 injected uncertainty into global markets, leading to steep declines for all classes of equities. Countries around the globe instituted restrictions to slow the progress of the virus, resulting in a sharp economic downturn and a sudden rise in unemployment. Turbulence in energy markets also unsettled equities, as a rapid fall in oil prices threatened the viability of parts of the energy sector.

Beginning in late March, however, equities regained a significant portion of their losses as aggressive policy responses from governments and central banks, the phased reopening of economies around the world, and new treatments for COVID-19 raised hopes for an economic recovery. Despite economic data that indicated substantial weakness, some indices surpassed pre-pandemic highs in early autumn, reflecting investors' optimism that economic conditions would continue to improve as countries adapt to life with COVID-19. Equities gave back some of those gains throughout September and October, amid rising infections and the fading impact of stimulus programs. In November, news that multiple vaccines had shown high effectiveness rates and were ready to be put into production reassured investors and provided a strong boost to equities.

The environment for global bond markets was positive prior to the COVID-19 pandemic, as low inflation, risk avoidance, and demand for yield led to higher bond prices despite yields (which moves inversely to prices) near historic lows. However, as the outbreak worsened in March and the impact to the global economy became apparent, many bond prices fell, particularly for corporate and emerging market bonds, before recovering due to central bank interventions. The demand for less risky assets led to solid returns for US Treasuries, and the yield on the US 10-year government benchmark, a benchmark lending rate for the bond market, touched an all-time low in August.

Global government and corporate bonds posted solid returns as bond prices recovered significantly after reaching lows in late March. In the wake of the crisis, the US Federal Reserve (the "Fed") implemented an unprecedented corporate bond purchasing facility, which provided significant support to US corporate bond prices. Fed support led to record corporate bond issuance, as companies took advantage of the additional liquidity it provided.

Stocks in emerging markets posted a strong advance for the reporting period. These stocks were initially among the most affected by the COVID-19 pandemic, as lockdowns and factory closures in China impacted Chinese markets. Many of the emerging Asian economies that have substantial trade with China also suffered significant supply and demand shocks. However, emerging market equities rebounded sharply as infection rates slowed and economies reopened, and China reported economic data indicating a strong recovery. Emerging market bond prices, which fell sharply in March, recovered due to optimism about the pace of economic recovery, performing roughly in line with other international bonds for the 12 month period.

In the commodities market, gold prices rose sharply, touching an all-time high in August as investors sought alternative stores of value amid a large increase in the money supply. Oil prices, already low throughout the first part of the reporting period, fell rapidly to a 21 year low in April. The combination of weakened demand and increased supply following a dispute between Russia and Saudi Arabia (two of the world's leading oil producers) drove oil prices down sharply, although prices recovered somewhat thereafter.

On the foreign exchanges, the US Dollar declined against most global currencies, particularly in the second half of the reporting period, reflecting unprecedented monetary stimulus, record low interest rates, and the continued spread of COVID-19 infections. The Euro, Sterling, the Swiss Franc, and the Japanese Yen all advanced against the US Dollar.

The disruption caused by the pandemic led to a significant worldwide economic contraction early in the reporting period. The US economy shrank by an annualised record 31.4% in the second quarter, and the economies of the Eurozone and Japan fell into recession. Signs of recovery appeared later in the reporting period, however, as the Chinese economy returned to growth in the second quarter, and the US, the Eurozone, and Japan followed in the third quarter.

INVESTMENT MANAGER'S REPORT (continued)

Global Economic Overview (continued)

After the COVID-19 outbreak, the Fed instituted two emergency rate cuts, and along with other influential central banks implemented major bond-buying programs to stabilise debt markets. The synchronised economic stimulus ultimately jumpstarted economic growth and supported risk-taking in global markets. The Fed further committed to a near-zero interest rate policy through 2022 in a bid to promote longer-term economic expansion, even if inflation were to temporarily rise above its 2% target rate.

Fund Performance Review and Activity

ACS LifePath 2019-2021
ACS LifePath 2022-2024
ACS LifePath 2025-2027
ACS LifePath 2028-2030
ACS LifePath 2031-2033
ACS LifePath 2034-2036
ACS LifePath 2037-2039
ACS LifePath 2040-2042
ACS LifePath 2043-2045
ACS LifePath 2046-2048
ACS LifePath 2049-2051
ACS LifePath 2052-2054

Over the twelve-month period to 31 December 2020, the ACS LifePath Funds experienced positive returns (8.46%, 8.72%, 8.60%, 8.49%, 8.54%, 8.41%, 8.46%, 8.34%, 8.31%, 8.29%, 8.27%, 8.26% for the 12 funds respectively).

The ACS LifePath Funds utilise proprietary index fund building blocks to achieve their strategic allocations. Therefore, absolute performance across the range of Funds was primarily driven by the strategic asset allocation. All equity exposures – except for the UK equity exposure – contributed positively to the overall performance of the Funds in 2020. The fixed income exposures ended the year in positive territory, contributing to the performance of the Funds that held them. The real estate and commodities strategies experienced negative returns.

In the first quarter of 2020, the rapid spread of COVID-19 around the globe and the economic repercussions led to large moves across equities, foreign exchange, commodities and fixed income assets. In a matter of weeks, global equity benchmarks fell from record highs into a bear market. Following this historic sell-off, financial markets came to terms with the economic fallout and took comfort from the assortment of stimulus measures delivered by central banks and governments alike. As a result, the second quarter was broadly characterised by a rebound in investor sentiment which also continued into the third quarter. In the fourth quarter of 2020, risk appetite improved further as the US election came to an end and positive COVID-19 vaccine news stoked investor sentiment. Global equity markets enjoyed strong returns with many indices reaching new all-time highs.

Longer-dated vintages, designed for savers who have a long time (e.g. over 20 years) to their retirement date, slightly underperformed the shorter-dated vintages (where our investments are more suitable for investors approaching and navigating retirement) in 2020. The main reason for this was due to their larger allocation to assets that performed poorly such as UK equity and property securities.

Looking into the drivers of return, within equity markets, the ACS LifePath Funds were diversified across a variety of equity exposures. Developed Market equity ex-UK added 13.9% in 2020 and, as the largest equity exposure, it was the key contributor within equity markets. Developed Market small cap and Emerging Market equity performed strongly over the year, returning 11.7% and 14.7%, respectively. UK Equities delivered negative returns over the same period, -9.8%, underperforming the broader developed market equity complex due to their higher relative weights to financials and energy, which struggled in 2020.

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INVESTMENT MANAGER'S REPORT (continued)

Fund Performance Review and Activity (continued)

The portfolios that hold greatest allocations to bond markets benefitted from these portfolio diversifiers as all the fixed income exposures within LifePath posted positive returns in 2020. UK inflation linked bonds and Gilts led performance, rising by 11.0% and 8.3%, respectively, followed by UK Corporates, which rose by 7.8%, and Overseas Corporates, which rose by 7.1%. Government bonds ex-UK and Emerging Market Debt also delivered positive returns.

Property securities and commodities contributed negatively to returns, though to a lesser extent due to their lower sizing in the funds.

BlackRock Pension Growth Fund

Over the twelve-month period to 31 December 2020, the Fund's active return was 4.7% outperforming its comparator benchmark (active return is the difference between the Fund's return and comparator benchmark return).

Performance was largely driven by the strong risk rally in the second half of the year which compensated the major sell-off in risk assets due to the initial COVID-19 shock in the first quarter.

Government Bonds ex-UK and Gilts made a positive but limited contribution to the portfolio, whilst corporate bonds contributed with similar magnitudes. Both government and corporate bonds have been supported by central bank purchasing. Equities were the big driver of performance, with US, European, Asian and Emerging Markets equity being the largest contributors. US equities contributed over the period, supported by their higher quality characteristics and their larger exposure to the Healthcare and IT sectors. UK Equities lagged other regions in the overall market recovery. Currency volatility was elevated during the period with Sterling appreciating against the US Dollar but depreciating against the Euro.

In 2020, the central theme was the massive shock to economic activity and supply chains caused by the COVID-19 pandemic. The sell-off in risk assets began towards the end of February, as cases of COVID-19 rose in western economies and investors realised that COVID-19 was becoming a global pandemic rather than an outbreak localised to China. Riskier assets such as equities and credit bottomed in March, in a period where traditionally safer assets such as US Treasuries also sold off. Central banks and governments across the globe responded to the crisis with massive monetary and fiscal packages. The combination of this prompt policy response, the development of a vaccine and the adoption of more tailored lockdown measures across countries to tackle the following infection waves, has helped and guided risk assets from recovery to positive territory. In fact, since the March low, equities were much higher, credit spreads tighter and government bond yields have stabilised into a lower range. US Equities, the Healthcare and IT sectors, the quality factor and large caps performed particularly well during the recovery. The Equity rally continued to perform well until the end of the year when an important rotation that benefitted the cyclical sectors started in November.

Sterling reached a multi-year low in mid-March against the US Dollar, as risk-off market sentiment buoyed the US Dollar higher and as fears of a delayed Brexit weighted on Sterling. As risk appetite came back and the prospect of permanent economic scars fading away, Sterling has recovered against the US Dollar and appreciated further.

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REPORT ON REMUNERATION

The below disclosures are made in respect of the remuneration policies of the BlackRock group (“BlackRock”), as they apply to BlackRock Fund Managers Limited (the “Manager”). The disclosures are made in accordance with the Alternative Investment Fund Managers Directive (the “AIFMD”), the European Commission Delegated Regulation supplementing the AIFMD (the “Delegated Regulation”) and the “Guidelines on sound remuneration policies under the AIFMD” issued by the European Securities and Markets Authority.

The BlackRock AIFM Remuneration Policy (the “AIFM Remuneration Policy”) will apply to the EEA entities within the BlackRock group authorised as a manager of alternative investment funds in accordance with the AIFMD and will ensure compliance with the requirements of Annex II of the AIFMD.

The Manager has adopted the AIFM Remuneration Policy, a summary of which is set out below.

Remuneration Governance

BlackRock’s remuneration governance in EMEA operates as a tiered structure which includes: (a) the Management Development and Compensation Committee (“MDCC”) (which is the global, independent remuneration committee for BlackRock, Inc. and all of its subsidiaries, including the Manager); and (b) the Manager’s board of directors (the “Manager’s Board”). These bodies are responsible for the determination of BlackRock’s remuneration policies.

(a) MDCC

The MDCC’s purposes include:

- providing oversight of:
 - BlackRock’s executive compensation programmes;
 - BlackRock’s employee benefit plans; and
 - such other compensation plans as may be established by BlackRock from time to time for which the MDCC is deemed as administrator;
- reviewing and discussing the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management and approving the MDCC’s report for inclusion in the proxy statement;
- reviewing, assessing and making reports and recommendations to the BlackRock, Inc. board of directors (the “BlackRock, Inc. Board”) as appropriate on BlackRock’s talent development and succession planning, with the emphasis on performance and succession at the highest management levels; and
- supporting the boards of the Company’s EMEA regulated entities in meeting their remuneration-related obligations by overseeing the design and implementation of EMEA remuneration policy in accordance with applicable regulation.

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, who has no relationship with BlackRock Inc. or the BlackRock, Inc. Board that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The BlackRock, Inc. Board has determined that all the members of the MDCC are “independent” within the meaning of the listing standards of the New York Stock Exchange (NYSE), which requires each meet a “non-employee director” standard.

The MDCC held 9 meetings during 2020. The MDCC charter is available on BlackRock, Inc.’s website (www.blackrock.com).

(b) The Manager’s Board

The Manager’s Board has the task of supervising and providing oversight of the AIFM Remuneration Policy as it applies to the Manager and its Identified Staff.

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REPORT ON REMUNERATION (continued)

Decision-making process

Remuneration decisions for employees are made once annually in January following the end of the performance year. This timing allows full-year financial results to be considered along with other non-financial goals and objectives. Although the framework for remuneration decision-making is tied to financial performance, significant discretion is used to determine individual variable remuneration based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established, and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual remuneration amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award. The variable remuneration awarded to any individual(s) for a particular performance year may also be zero.

Annual incentive awards are paid from a bonus pool.

The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after year-end. As part of this review, the MDCC receives actual and projected financial information over the course of the year as well as final year-end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of BlackRock's financial performance (e.g., net inflows of AUM and investment performance) as well as information regarding market conditions and competitive compensation levels.

The MDCC regularly considers management's recommendation as to the percentage of preincentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

As part of the year-end review process the Enterprise Risk and Regulatory Compliance departments report to the MDCC on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

Control functions

Each of the control functions (Enterprise Risk, Legal & Compliance, and Internal Audit) has its own organisational structure which is independent of the business units. The head of each control function is either a member of the Global Executive Committee ("GEC"), the global management committee, or has a reporting obligation to the board of directors of BlackRock Group Limited, the parent company of all of BlackRock's EMEA regulated entities, including the Manager.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the MDCC.

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REPORT ON REMUNERATION (continued)

Link between pay and performance

There is a clear and well defined pay-for-performance philosophy and compensation programmes which are designed to meet the following key objectives as detailed below:

- appropriately balance BlackRock's financial results between shareholders and employees;
- attract, retain and motivate employees capable of making significant contributions to the long-term success of the business;
- align the interests of senior employees with those of shareholders by awarding BlackRock Inc.'s stock as a significant part of both annual and long-term incentive awards;
- control fixed costs by ensuring that compensation expense varies with profitability;
- link a significant portion of an employee's total compensation to the financial and operational performance of the business as well as its common stock performance;
- discourage excessive risk-taking; and
- ensure that client interests are not negatively impacted by remuneration awarded on a short-term, mid-term and/or long-term basis.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but don't pre-determine compensation outcomes. Compensation decisions remain discretionary and are made as part of the year-end compensation process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- factors relevant to an employee individually; relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);
- the management of risk within the risk profiles appropriate for BlackRock's clients;
- strategic business needs, including intentions regarding retention;
- market intelligence; and
- criticality to business.

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Remuneration practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

BlackRock operates a total compensation model for remuneration which includes a base salary, which is contractual, and a discretionary bonus scheme.

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REPORT ON REMUNERATION (continued)

BlackRock operates an annual discretionary bonus scheme. Although all employees are eligible to be considered for a discretionary bonus, there is no contractual obligation to make any award to an employee under its discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above (under the heading “Link between pay and performance”) may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion paid in BlackRock, Inc. stock and subject to additional vesting/clawback conditions. Stock awards are subject to further performance adjustment through variation in BlackRock, Inc.’s share price over the vesting period. As total annual compensation increases, a greater portion is deferred into stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the compensation package for eligible employees, including the executive officers. The portion deferred into stock vests into three equal instalments over the three years following grant.

Supplementary to the annual discretionary bonus as described above, equity awards may be made to selected individuals to provide greater linkage with future business results. The long-term incentive awards have been established individually to provide meaningful incentive for continued performance over a multi-year period recognising the scope of the individual’s role, business expertise and leadership skills.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the “BlackRock Performance Incentive Plan” (“BPIP”). Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin¹ and Organic Revenue Growth². Determination of pay-out will be made based on the firm’s achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where the firm’s financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure across market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have “skin in the game” through significant personal investments.

Identified Staff

The AIFM Remuneration Policy sets out the process that will be applied to identify staff as Identified Staff, being categories of staff of the Manager, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages.

¹ As Adjusted Operating Margin: As reported in BlackRock’s external filings, reflects adjusted Operating Income divided by Total Revenue net of distribution and servicing expenses and amortisation of deferred sales commissions.

² Organic Revenue Growth: Equal to net new base fees plus net new Aladdin revenue generated in the year (in US dollars).

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

REPORT ON REMUNERATION (continued)

The list of Identified Staff will be subject to regular review, being formally reviewed in the event of but not limited to:

- organisational changes;
- new business initiatives;
- changes in significant influence function lists;
- changes in role responsibilities; and
- revised regulatory direction.

Quantitative Remuneration Disclosure

The Manager is required under the AIFMD to make quantitative disclosures of remuneration. These disclosures are made in line with BlackRock's interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops BlackRock may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other BlackRock fund disclosures in that same year.

Disclosures are provided in relation to (a) the staff of the Manager; (b) staff who are senior management; and (c) staff who have the ability to materially affect the risk profile of the Fund, including individuals who, although not directly employed by the Manager, are assigned by their employer to carry out services directly for the Manager.

All individuals included in the aggregated figures disclosed are rewarded in line with BlackRock's remuneration policy for their responsibilities across the relevant BlackRock business area. As all individuals have a number of areas of responsibilities, only the portion of remuneration for those individuals' services attributable to the Fund is included in the aggregate figures disclosed.

Members of staff and senior management of the Manager typically provide both AIFMD and non-AIFMD related services in respect of multiple funds, clients and functions of the Manager and across the broader BlackRock group. Therefore, the figures disclosed are a sum of each individual's portion of remuneration attributable to the Manager according to an objective apportionment methodology which acknowledges the multiple-service nature of the Manager. Accordingly, the figures are not representative of any individual's actual remuneration or their remuneration structure.

The amount of the total remuneration awarded by the Manager to its staff which has been attributed to the Manager's AIFMD-related business in respect of the Manager's financial year ending 31 December 2020 is £83.07 million. This figure is comprised of fixed remuneration of £1.36 million and variable remuneration of £81.71 million. There were a total of 56 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the Manager, which has been attributed to the Manager's AIFMD-related business in respect of the Manager's financial year ending 31 December 2020, to its senior management was £0.06 million, and to other members of its staff whose actions have a material impact on the risk profile of the Manager's AIFMD-related business was £83.07 million.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

ACCOUNTING AND DISTRIBUTION POLICIES*

for the year ended 31 December 2020

Accounting Policies

(a) 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 financial statements (with the exception of ACS LifePath 2019-2021) have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The Funds are able to meet all of their liabilities from their assets. The performance, marketability and risks of the Funds are reviewed on a regular basis throughout the financial year. Therefore, the Directors of the Manager believe that the Funds will continue in operational existence for the foreseeable future and are financially sound. Therefore, the Directors of the Manager believe that the Funds will continue in operational existence for the foreseeable future and are financially sound. The Directors of the Manager are satisfied that, at the time of approving the financial statements, and following consideration of COVID-19, it is appropriate to continue to adopt the going concern basis in preparing the financial statements of the Funds, except for ACS LifePath 2019-2021 Fund.

The ACS LifePath 2019-2021 will reach its target date at the end of 2021 and the Manager intends to close the fund in the second half of 2022. As a result, these financial statements are prepared on other than going concern basis for the year ended 31 December 2020. Under this basis, all assets are recorded at their estimated realisable amount and all liabilities at their estimated settlement amount. The liquidation costs are borne by the Manager.

Change in Valuation Point

As permitted by Section 6.8.2(5a) of the COLL Sourcebook, the financial statements for the year ended 31 December 2020 have been prepared as at the Funds’ valuation point at 12 noon on the last business day of the accounting year. This aligns the valuation point for financial statements purposes with the valuation point used for dealing purposes. The comparative figures as at 31 December 2019 have been prepared as at close of business on the last business day of the accounting year.

(b) Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when the right to receive payment is established.

Revenue from securities lending is accounted for net of associated costs and is recognised on an accruals basis.

All revenue is recognised as a gross amount that takes account of any withholding taxes but excludes any other taxes such as attributable tax credits.

Bank interest is recognised on an accruals basis.

(c) Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the date they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is taken to capital.

(d) The underlying circumstances behind both special dividends and share buy backs are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Amounts recognised as revenue form part of the distribution. Any tax treatment will follow the accounting treatment of the principal amount.

(e) Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Funds are required to take up some or all of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

(f) All distributions from Collective Investment Schemes (“CIS”) are recognised when the securities are quoted ex-dividend. All distributions from holdings in CIS are treated as revenue with the exception of the equalisation element, which is treated as capital.

Any reported revenue from an offshore fund with reporting status from HMRC, in excess of any distribution received in the reporting period, is recognised as revenue if the reporting fund makes this information available before the start of the new reporting period of the sub-fund. The equalisation element is treated as capital.

* The Accounting and Distribution Policies are an integral part of the notes to financial statements.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

ACCOUNTING AND DISTRIBUTION POLICIES (continued)

Accounting Policies (continued)

(g) The Funds receive Manager's charge rebates from BlackRock related investments in the normal course of business. These are recognised on an accruals basis and are treated as revenue, unless it is the policy of the underlying fund to charge its fees to capital, in which case these rebates will be recognised as capital.

(h) All expenses, except those relating to the purchase and sale of investments are charged against revenue. All expenses are recognised on an accruals basis.

(i) No provision for corporation tax is made due to the tax transparent nature of the Funds, in accordance with section 1121 of Corporation Tax Act 2010. Instead, the unitholders of the Funds are treated as if they owned the underlying assets directly, and are taxed on their share of the income derived from the underlying assets.

(j) Where the end of the accounting year on the balance sheet date is a business day, the valuation point is 12 noon, and where the end of the accounting year on the balance sheet date is a non-business day, the valuation point is end of day. All investments are valued at their fair value as at the end of the accounting year. In the case of an investment which is not quoted, listed or dealt in on a recognised market, or in respect of which a listed, traded or dealt price or quotation is not available at the time of valuation, the fair value of such investment shall be estimated with care and in good faith by a competent professional person, body, firm or corporation including the Manager's pricing committee and such fair value shall be determined on the basis of the probable realisation value of the investment. The Manager shall be entitled to adopt an alternative method of valuing any particular asset if it considers that the methods of valuation set out above do not provide a fair valuation of a particular asset or liability.

Investments in dual priced Collective Investment Schemes have been valued at market values, defined as fair value, which is usually the latest available price at the Funds' 12 noon valuation point on the last business day of the accounting year. Investments in single priced Collective Investment Schemes have been valued at market values, defined as fair value, which is usually the latest available price at the Funds' 12 noon valuation point on the last business day of the accounting year.

(k) Any transactions in foreign currencies are translated into Sterling at the rates of exchange ruling on the date of any such transaction. Assets and liabilities in foreign currencies are translated into Sterling at the exchange rates ruling at 12 noon on the last business day of the accounting year. Revenue items in foreign currencies are translated into Sterling at the exchange rate when the revenue is received.

(l) Where appropriate, certain permitted financial instruments such as derivatives or forward currency contracts are used for efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in "Revenue" in the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in "Net capital gains" in the Statement of Total Return.

(m) Cash and bank balances consist of deposits held on call with banks and cash held with clearing brokers and counterparties. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Distribution Policies

(n) The ordinary element of stock dividends is treated as revenue but does not form part of the distribution.

(o) All of the net revenue available for distribution at the final accounting year end will be retained within the Funds, as all unitholders are accumulation unitholders. Although the income is accumulated it is still deemed to arise directly to the investor. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS*

Introduction and overview

The Funds' investment activities expose them to the various types of risk which are associated with the financial instruments and markets in which they invest. The following information is not intended to be a comprehensive summary of all risks and investors should refer to the Prospectus for a more detailed discussion of the risks inherent in investing in the Funds.

Risk management framework

The Manager has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Funds are managed within the terms of its investment guidelines and limits set out in the Prospectus. The Manager reserves to itself the investment performance, product risk monitoring and oversight and the responsibility for the monitoring and oversight of regulatory and operational risk for the Funds.

The Manager has appointed a risk manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group ("RQA Group") which is a centralised group which performs an independent risk management function. The RQA Group independently identifies, measures and monitors investment risk. The RQA Group tracks the actual risk management practices being deployed across the different funds. By breaking down the components of the process, the RQA Group has the ability to determine if the appropriate risk management processes are in place for the Funds. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The risk profile of the Funds are set out as follows:

a) Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. It represents the potential loss the Funds may suffer through holding market positions in the face of market movements. The Funds are potentially exposed to market risk by virtue of its investments in equities and futures contracts.

A key metric the RQA Group uses to measure market risk is VaR which encompasses price, currency and interest rate risk. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

The VaR calculations are based on an adjusted historical simulation model with a confidence level of 99%, a holding period of one day and a historical observation period of not less than one year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period the Funds will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk.

It is noted that the use of the VaR methodology has limitations, namely assumptions that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations and the nature of the VaR measure mean that the Fund can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts, will not occur more frequently.

* The information relating to Financial Instruments and Risks is an integral part of the notes to financial statements.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

The one day VaR as at 31 December 2020 based on a 99% confidence level is outlined in the table below:

Fund	31 December 2020	31 December 2019
	%	%
ACS LifePath 2019-2021	1.58	0.78
ACS LifePath 2022-2024	1.94	0.86
ACS LifePath 2025-2027	2.21	0.99
ACS LifePath 2028-2030	2.48	1.08
ACS LifePath 2031-2033	2.72	1.20
ACS LifePath 2034-2036	2.95	1.34
ACS LifePath 2037-2039	3.19	1.47
ACS LifePath 2040-2042	3.41	1.63
ACS LifePath 2043-2045	3.65	1.79
ACS LifePath 2046-2048	3.84	1.92
ACS LifePath 2049-2051	4.02	2.00
ACS LifePath 2052-2054	4.13	2.05
BlackRock Pension Growth Fund	2.73	1.34

i) Market risk arising from foreign currency risk

Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Funds are accounted for in Sterling and holds financial assets and financial liabilities denominated in Sterling and other international currencies, with the effect that the Balance Sheet and Statement of Total Return can be affected by currency movements.

The underlying CIS hold financial assets and financial liabilities denominated in other international currencies. As such, the Funds have indirect exposure to foreign currency risk through their underlying investments in CIS, whereby the value of the underlying CIS may fluctuate as a result of changes to foreign currency rates.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

The tables in the following pages outline the Funds' exposure to foreign currency risk as at the Balance Sheet date.

31 December 2020				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2019-2021				
Australian dollar	–	(2,036)	(2,036)	(1.15)
Canadian dollar	–	(2,589)	(2,589)	(1.46)
Danish krone	–	(601)	(601)	(0.34)
Euro	–	(16,307)	(16,307)	(9.19)
Hong Kong dollar	–	(532)	(532)	(0.30)
Israeli new shekel	–	(85)	(85)	(0.05)
Japanese yen	–	(10,833)	(10,833)	(6.10)
New Zealand dollar	–	(57)	(57)	(0.03)
Norwegian krone	–	(182)	(182)	(0.10)
Polish zloty	–	(33)	(33)	(0.02)
Singapore dollar	–	(204)	(204)	(0.11)
South Korean won	–	(367)	(367)	(0.21)
Swedish krona	–	(734)	(734)	(0.41)
Swiss franc	–	(1,629)	(1,629)	(0.92)
US dollar	10,812	(58,066)	(47,254)	(26.62)
Total exposure to foreign currencies	10,812	(94,255)	(83,443)	(47.01)
ACS LifePath 2022-2024				
Australian dollar	–	(4,765)	(4,765)	(1.19)
Canadian dollar	–	(5,957)	(5,957)	(1.49)
Danish krone	–	(1,403)	(1,403)	(0.35)
Euro	–	(35,681)	(35,681)	(8.92)
Hong Kong dollar	–	(1,370)	(1,370)	(0.34)
Israeli new shekel	–	(268)	(268)	(0.07)
Japanese yen	–	(24,371)	(24,371)	(6.09)
New Zealand dollar	–	(122)	(122)	(0.03)
Norwegian krone	–	(452)	(452)	(0.11)
Polish zloty	–	(49)	(49)	(0.01)
Singapore dollar	–	(529)	(529)	(0.13)
South Korean won	–	(1,189)	(1,189)	(0.30)
Swedish krona	–	(1,883)	(1,883)	(0.47)
Swiss franc	–	(4,126)	(4,126)	(1.03)
US dollar	25,636	(137,306)	(111,670)	(27.91)
Total exposure to foreign currencies	25,636	(219,471)	(193,835)	(48.44)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2020				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2025-2027				
Australian dollar	—	(7,327)	(7,327)	(1.26)
Canadian dollar	—	(8,967)	(8,967)	(1.54)
Danish krone	—	(2,238)	(2,238)	(0.38)
Euro	—	(49,547)	(49,547)	(8.53)
Hong Kong dollar	—	(2,307)	(2,307)	(0.40)
Israeli new shekel	—	(440)	(440)	(0.08)
Japanese yen	—	(35,049)	(35,049)	(6.03)
New Zealand dollar	—	(232)	(232)	(0.04)
Norwegian krone	—	(729)	(729)	(0.13)
Polish zloty	—	(129)	(129)	(0.02)
Singapore dollar	—	(871)	(871)	(0.15)
South Korean won	—	(2,135)	(2,135)	(0.37)
Swedish krona	—	(3,053)	(3,053)	(0.52)
Swiss franc	—	(6,735)	(6,735)	(1.16)
US dollar	38,860	(204,811)	(165,951)	(28.56)
Total exposure to foreign currencies	38,860	(324,570)	(285,710)	(49.17)
ACS LifePath 2028-2030				
Australian dollar	—	(8,124)	(8,124)	(1.33)
Canadian dollar	—	(9,793)	(9,793)	(1.60)
Danish krone	—	(2,502)	(2,502)	(0.41)
Euro	—	(50,443)	(50,443)	(8.25)
Hong Kong dollar	—	(2,682)	(2,682)	(0.44)
Israeli new shekel	—	(517)	(517)	(0.08)
Japanese yen	—	(36,625)	(36,625)	(5.99)
New Zealand dollar	—	(231)	(231)	(0.04)
Norwegian krone	—	(844)	(844)	(0.14)
Polish zloty	—	(155)	(155)	(0.02)
Singapore dollar	—	(1,018)	(1,018)	(0.17)
South Korean won	—	(2,610)	(2,610)	(0.43)
Swedish krona	—	(3,536)	(3,536)	(0.58)
Swiss franc	—	(7,799)	(7,799)	(1.27)
US dollar	43,360	(221,904)	(178,544)	(29.19)
Total exposure to foreign currencies	43,360	(348,783)	(305,423)	(49.94)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2020				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2031-2033				
Australian dollar	—	(11,920)	(11,920)	(1.38)
Canadian dollar	—	(14,077)	(14,077)	(1.62)
Danish krone	—	(3,812)	(3,812)	(0.44)
Euro	—	(69,656)	(69,656)	(8.04)
Hong Kong dollar	—	(4,082)	(4,082)	(0.47)
Israeli new shekel	—	(771)	(771)	(0.09)
Japanese yen	—	(51,948)	(51,948)	(6.00)
New Zealand dollar	—	(427)	(427)	(0.05)
Norwegian krone	—	(1,319)	(1,319)	(0.15)
Polish zloty	—	(156)	(156)	(0.02)
Singapore dollar	—	(1,544)	(1,544)	(0.18)
South Korean won	—	(3,732)	(3,732)	(0.43)
Swedish krona	—	(5,390)	(5,390)	(0.62)
Swiss franc	—	(12,042)	(12,042)	(1.39)
US dollar	63,685	(327,322)	(263,637)	(30.44)
Total exposure to foreign currencies	63,685	(508,198)	(444,513)	(51.32)
ACS LifePath 2034-2036				
Australian dollar	—	(9,427)	(9,427)	(1.47)
Canadian dollar	—	(10,981)	(10,981)	(1.71)
Danish krone	—	(3,029)	(3,029)	(0.47)
Euro	—	(50,787)	(50,787)	(7.89)
Hong Kong dollar	—	(3,350)	(3,350)	(0.52)
Israeli new shekel	—	(634)	(634)	(0.10)
Japanese yen	—	(38,988)	(38,988)	(6.06)
New Zealand dollar	—	(359)	(359)	(0.06)
Norwegian krone	—	(1,069)	(1,069)	(0.17)
Polish zloty	—	(133)	(133)	(0.02)
Singapore dollar	—	(1,270)	(1,270)	(0.20)
South Korean won	—	(3,231)	(3,231)	(0.50)
Swedish krona	—	(4,391)	(4,391)	(0.68)
Swiss franc	—	(9,833)	(9,833)	(1.53)
US dollar	49,949	(252,944)	(202,995)	(31.55)
Total exposure to foreign currencies	49,949	(390,426)	(340,477)	(52.93)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2020				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2037-2039				
Australian dollar	—	(12,767)	(12,767)	(1.50)
Canadian dollar	—	(14,849)	(14,849)	(1.75)
Danish krone	—	(4,298)	(4,298)	(0.51)
Euro	—	(65,320)	(65,320)	(7.70)
Hong Kong dollar	—	(4,656)	(4,656)	(0.55)
Israeli new shekel	—	(861)	(861)	(0.10)
Japanese yen	—	(51,051)	(51,051)	(6.02)
New Zealand dollar	—	(409)	(409)	(0.05)
Norwegian krone	—	(1,540)	(1,540)	(0.18)
Polish zloty	—	(158)	(158)	(0.02)
Singapore dollar	—	(1,747)	(1,747)	(0.20)
South Korean won	—	(3,900)	(3,900)	(0.46)
Swedish krona	—	(6,076)	(6,076)	(0.72)
Swiss franc	—	(13,873)	(13,873)	(1.63)
US dollar	67,336	(344,919)	(277,583)	(32.72)
Total exposure to foreign currencies	67,336	(526,424)	(459,088)	(54.11)
ACS LifePath 2040-2042				
Australian dollar	—	(8,283)	(8,283)	(1.60)
Canadian dollar	—	(9,543)	(9,543)	(1.85)
Danish krone	—	(2,768)	(2,768)	(0.54)
Euro	—	(39,059)	(39,059)	(7.55)
Hong Kong dollar	—	(3,108)	(3,108)	(0.60)
Israeli new shekel	—	(582)	(582)	(0.11)
Japanese yen	—	(31,667)	(31,667)	(6.12)
New Zealand dollar	—	(282)	(282)	(0.05)
Norwegian krone	—	(1,009)	(1,009)	(0.20)
Polish zloty	—	(115)	(115)	(0.02)
Singapore dollar	—	(1,173)	(1,173)	(0.23)
South Korean won	—	(2,839)	(2,839)	(0.55)
Swedish krona	—	(4,029)	(4,029)	(0.78)
Swiss franc	—	(9,171)	(9,171)	(1.77)
US dollar	43,208	(218,833)	(175,625)	(33.96)
Total exposure to foreign currencies	43,208	(332,461)	(289,253)	(55.93)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2020				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2043-2045				
Australian dollar	—	(10,888)	(10,888)	(1.64)
Canadian dollar	—	(12,503)	(12,503)	(1.88)
Danish krone	—	(3,789)	(3,789)	(0.57)
Euro	—	(48,973)	(48,973)	(7.36)
Hong Kong dollar	—	(4,164)	(4,164)	(0.63)
Israeli new shekel	—	(770)	(770)	(0.12)
Japanese yen	—	(40,350)	(40,350)	(6.06)
New Zealand dollar	—	(344)	(344)	(0.05)
Norwegian krone	—	(1,404)	(1,404)	(0.21)
Polish zloty	—	(134)	(134)	(0.02)
Singapore dollar	—	(1,566)	(1,566)	(0.23)
South Korean won	—	(3,335)	(3,335)	(0.50)
Swedish krona	—	(5,395)	(5,395)	(0.81)
Swiss franc	—	(12,451)	(12,451)	(1.87)
US dollar	57,487	(291,161)	(233,674)	(35.10)
Total exposure to foreign currencies	57,487	(437,227)	(379,740)	(57.05)
ACS LifePath 2046-2048				
Australian dollar	—	(6,799)	(6,799)	(1.71)
Canadian dollar	—	(7,670)	(7,670)	(1.93)
Danish krone	—	(2,366)	(2,366)	(0.60)
Euro	—	(28,965)	(28,965)	(7.29)
Hong Kong dollar	—	(2,644)	(2,644)	(0.67)
Israeli new shekel	—	(489)	(489)	(0.12)
Japanese yen	—	(24,484)	(24,484)	(6.16)
New Zealand dollar	—	(228)	(228)	(0.06)
Norwegian krone	—	(887)	(887)	(0.22)
Polish zloty	—	(90)	(90)	(0.02)
Singapore dollar	—	(999)	(999)	(0.25)
South Korean won	—	(2,236)	(2,236)	(0.56)
Swedish krona	—	(3,432)	(3,432)	(0.86)
Swiss franc	—	(7,905)	(7,905)	(1.99)
US dollar	35,818	(179,358)	(143,540)	(36.11)
Total exposure to foreign currencies	35,818	(268,552)	(232,734)	(58.55)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2020				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2049-2051				
Australian dollar	–	(7,971)	(7,971)	(1.74)
Canadian dollar	–	(9,064)	(9,064)	(1.98)
Danish krone	–	(2,803)	(2,803)	(0.61)
Euro	–	(32,928)	(32,928)	(7.19)
Hong Kong dollar	–	(3,127)	(3,127)	(0.68)
Israeli new shekel	–	(576)	(576)	(0.13)
Japanese yen	–	(28,130)	(28,130)	(6.14)
New Zealand dollar	–	(280)	(280)	(0.06)
Norwegian krone	–	(1,059)	(1,059)	(0.23)
Polish zloty	–	(88)	(88)	(0.02)
Singapore dollar	–	(1,173)	(1,173)	(0.26)
South Korean won	–	(2,561)	(2,561)	(0.56)
Swedish krona	–	(4,013)	(4,013)	(0.88)
Swiss franc	–	(9,326)	(9,326)	(2.04)
US dollar	41,812	(210,865)	(169,053)	(36.92)
Total exposure to foreign currencies	41,812	(313,964)	(272,152)	(59.44)
ACS LifePath 2052-2054				
Australian dollar	–	(4,462)	(4,462)	(1.77)
Canadian dollar	–	(5,033)	(5,033)	(2.00)
Danish krone	–	(1,568)	(1,568)	(0.62)
Euro	–	(18,273)	(18,273)	(7.25)
Hong Kong dollar	–	(1,757)	(1,757)	(0.70)
Israeli new shekel	–	(324)	(324)	(0.13)
Japanese yen	–	(15,722)	(15,722)	(6.24)
New Zealand dollar	–	(171)	(171)	(0.07)
Norwegian krone	–	(595)	(595)	(0.24)
Polish zloty	–	(54)	(54)	(0.02)
Singapore dollar	–	(660)	(660)	(0.26)
South Korean won	–	(1,464)	(1,464)	(0.58)
Swedish krona	–	(2,264)	(2,264)	(0.90)
Swiss franc	–	(5,247)	(5,247)	(2.08)
US dollar	23,515	(117,730)	(94,215)	(37.39)
Total exposure to foreign currencies	23,515	(175,324)	(151,809)	(60.25)
BlackRock Pension Growth Fund				
Euro	–	(677,975)	(677,975)	(7.94)
US dollar	446,984	(3,032,699)	(2,585,715)	(30.27)
Total exposure to foreign currencies	446,984	(3,710,674)	(3,263,690)	(38.21)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2019-2021				
Australian dollar	1,920	(3,813)	(1,893)	(0.98)
Canadian dollar	2,545	(5,055)	(2,510)	(1.30)
Danish krone	463	(927)	(464)	(0.24)
Euro	17,156	(34,123)	(16,967)	(8.78)
Hong Kong dollar	606	(1,212)	(606)	(0.31)
Israeli new shekel	131	(261)	(130)	(0.07)
Japanese yen	11,643	(23,134)	(11,491)	(5.95)
New Zealand dollar	75	(149)	(74)	(0.04)
Norwegian krone	188	(377)	(189)	(0.10)
Polish zloty	–	(55)	(55)	(0.03)
Singapore dollar	252	(504)	(252)	(0.13)
South Korean won	–	(615)	(615)	(0.32)
Swedish krona	–	(676)	(676)	(0.35)
Swiss franc	1,597	(3,217)	(1,620)	(0.84)
US dollar	68,849	(115,362)	(46,513)	(24.09)
Total exposure to foreign currencies	105,425	(189,480)	(84,055)	(43.53)
ACS LifePath 2022-2024				
Australian dollar	3,350	(6,699)	(3,349)	(1.05)
Canadian dollar	4,101	(8,276)	(4,175)	(1.31)
Danish krone	837	(1,676)	(839)	(0.26)
Euro	26,942	(53,865)	(26,923)	(8.47)
Hong Kong dollar	1,130	(2,340)	(1,210)	(0.38)
Israeli new shekel	216	(433)	(217)	(0.07)
Japanese yen	18,978	(37,931)	(18,953)	(5.96)
New Zealand dollar	117	(235)	(118)	(0.04)
Norwegian krone	322	(686)	(364)	(0.11)
Polish zloty	–	(84)	(84)	(0.03)
Singapore dollar	481	(963)	(482)	(0.15)
South Korean won	–	(1,249)	(1,249)	(0.39)
Swedish krona	–	(1,272)	(1,272)	(0.40)
Swiss franc	3,150	(6,378)	(3,228)	(1.02)
US dollar	118,566	(198,454)	(79,888)	(25.12)
Total exposure to foreign currencies	178,190	(320,541)	(142,351)	(44.76)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2025-2027				
Australian dollar	5,166	(10,328)	(5,162)	(1.10)
Canadian dollar	6,028	(12,117)	(6,089)	(1.30)
Danish krone	1,313	(2,627)	(1,314)	(0.28)
Euro	37,979	(76,005)	(38,026)	(8.13)
Hong Kong dollar	1,871	(3,806)	(1,935)	(0.41)
Israeli new shekel	365	(731)	(366)	(0.08)
Japanese yen	27,367	(54,786)	(27,419)	(5.86)
New Zealand dollar	223	(446)	(223)	(0.05)
Norwegian krone	576	(1,152)	(576)	(0.12)
Polish zloty	–	(130)	(130)	(0.03)
Singapore dollar	773	(1,547)	(774)	(0.16)
South Korean won	–	(2,000)	(2,000)	(0.43)
Swedish krona	–	(2,030)	(2,030)	(0.43)
Swiss franc	5,172	(10,358)	(5,186)	(1.11)
US dollar	177,676	(297,072)	(119,396)	(25.52)
Total exposure to foreign currencies	264,509	(475,135)	(210,626)	(45.01)
ACS LifePath 2028-2030				
Australian dollar	5,972	(11,939)	(5,967)	(1.16)
Canadian dollar	6,791	(13,656)	(6,865)	(1.34)
Danish krone	1,524	(3,050)	(1,526)	(0.30)
Euro	40,378	(80,864)	(40,486)	(7.90)
Hong Kong dollar	2,204	(4,532)	(2,328)	(0.45)
Israeli new shekel	436	(872)	(436)	(0.09)
Japanese yen	29,814	(59,738)	(29,924)	(5.84)
New Zealand dollar	274	(548)	(274)	(0.05)
Norwegian krone	693	(1,387)	(694)	(0.14)
Polish zloty	–	(156)	(156)	(0.03)
Singapore dollar	937	(1,874)	(937)	(0.18)
South Korean won	–	(2,414)	(2,414)	(0.47)
Swedish krona	–	(2,428)	(2,428)	(0.47)
Swiss franc	6,226	(12,525)	(6,299)	(1.23)
US dollar	200,691	(335,167)	(134,476)	(26.23)
Total exposure to foreign currencies	295,940	(531,150)	(235,210)	(45.88)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2031-2033				
Australian dollar	8,092	(16,176)	(8,084)	(1.23)
Canadian dollar	9,179	(18,512)	(9,333)	(1.42)
Danish krone	2,086	(4,174)	(2,088)	(0.32)
Euro	50,571	(101,590)	(51,019)	(7.77)
Hong Kong dollar	3,162	(6,454)	(3,292)	(0.50)
Israeli new shekel	615	(1,232)	(617)	(0.09)
Japanese yen	38,265	(76,879)	(38,614)	(5.88)
New Zealand dollar	320	(639)	(319)	(0.05)
Norwegian krone	971	(1,944)	(973)	(0.15)
Polish zloty	–	(244)	(244)	(0.04)
Singapore dollar	1,300	(2,599)	(1,299)	(0.20)
South Korean won	–	(3,270)	(3,270)	(0.50)
Swedish krona	–	(3,435)	(3,435)	(0.52)
Swiss franc	8,731	(17,629)	(8,898)	(1.36)
US dollar	267,132	(446,032)	(178,900)	(27.24)
Total exposure to foreign currencies	390,424	(700,809)	(310,385)	(47.27)
ACS LifePath 2034-2036				
Australian dollar	6,701	(13,395)	(6,694)	(1.32)
Canadian dollar	7,574	(15,248)	(7,674)	(1.51)
Danish krone	1,728	(3,509)	(1,781)	(0.35)
Euro	38,431	(77,283)	(38,852)	(7.64)
Hong Kong dollar	2,703	(5,513)	(2,810)	(0.55)
Israeli new shekel	529	(1,060)	(531)	(0.11)
Japanese yen	29,979	(60,169)	(30,190)	(5.94)
New Zealand dollar	276	(551)	(275)	(0.05)
Norwegian krone	833	(1,667)	(834)	(0.16)
Polish zloty	–	(207)	(207)	(0.04)
Singapore dollar	1,112	(2,224)	(1,112)	(0.22)
South Korean won	–	(2,801)	(2,801)	(0.55)
Swedish krona	–	(2,895)	(2,895)	(0.57)
Swiss franc	7,433	(14,991)	(7,558)	(1.49)
US dollar	215,687	(359,552)	(143,865)	(28.30)
Total exposure to foreign currencies	312,986	(561,065)	(248,079)	(48.80)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2037-2039				
Australian dollar	8,400	(16,897)	(8,497)	(1.39)
Canadian dollar	9,551	(19,360)	(9,809)	(1.61)
Danish krone	2,200	(4,513)	(2,313)	(0.38)
Euro	45,133	(91,042)	(45,909)	(7.53)
Hong Kong dollar	3,478	(7,133)	(3,655)	(0.60)
Israeli new shekel	690	(1,381)	(691)	(0.11)
Japanese yen	35,894	(72,344)	(36,450)	(5.97)
New Zealand dollar	397	(794)	(397)	(0.07)
Norwegian krone	1,097	(2,278)	(1,181)	(0.19)
Polish zloty	–	(253)	(253)	(0.04)
Singapore dollar	1,408	(2,906)	(1,498)	(0.25)
South Korean won	–	(3,292)	(3,292)	(0.54)
Swedish krona	–	(3,749)	(3,749)	(0.61)
Swiss franc	9,530	(19,382)	(9,852)	(1.62)
US dollar	268,204	(447,464)	(179,260)	(29.38)
Total exposure to foreign currencies	385,982	(692,788)	(306,806)	(50.29)
ACS LifePath 2040-2042				
Australian dollar	6,055	(12,169)	(6,114)	(1.48)
Canadian dollar	6,811	(13,754)	(6,943)	(1.68)
Danish krone	1,593	(3,258)	(1,665)	(0.40)
Euro	30,206	(61,069)	(30,863)	(7.45)
Hong Kong dollar	2,565	(5,258)	(2,693)	(0.65)
Israeli new shekel	507	(1,015)	(508)	(0.12)
Japanese yen	24,701	(49,777)	(25,076)	(6.05)
New Zealand dollar	297	(594)	(297)	(0.07)
Norwegian krone	813	(1,678)	(865)	(0.21)
Polish zloty	–	(191)	(191)	(0.05)
Singapore dollar	1,047	(2,148)	(1,101)	(0.27)
South Korean won	–	(2,469)	(2,469)	(0.60)
Swedish krona	–	(2,742)	(2,742)	(0.66)
Swiss franc	7,051	(14,303)	(7,252)	(1.75)
US dollar	189,154	(315,831)	(126,677)	(30.59)
Total exposure to foreign currencies	270,800	(486,256)	(215,456)	(52.03)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2043-2045				
Australian dollar	7,348	(14,857)	(7,509)	(1.56)
Canadian dollar	8,222	(16,729)	(8,507)	(1.76)
Danish krone	1,961	(4,041)	(2,080)	(0.43)
Euro	34,514	(70,045)	(35,531)	(7.37)
Hong Kong dollar	3,175	(6,554)	(3,379)	(0.70)
Israeli new shekel	630	(1,260)	(630)	(0.13)
Japanese yen	28,761	(58,282)	(29,521)	(6.12)
New Zealand dollar	357	(714)	(357)	(0.07)
Norwegian krone	1,023	(2,140)	(1,117)	(0.23)
Polish zloty	–	(201)	(201)	(0.04)
Singapore dollar	1,326	(2,710)	(1,384)	(0.29)
South Korean won	–	(2,859)	(2,859)	(0.59)
Swedish krona	–	(3,424)	(3,424)	(0.71)
Swiss franc	8,730	(17,826)	(9,096)	(1.89)
US dollar	229,672	(383,103)	(153,431)	(31.81)
Total exposure to foreign currencies	325,719	(584,745)	(259,026)	(53.70)
ACS LifePath 2046-2048				
Australian dollar	4,918	(9,923)	(5,005)	(1.61)
Canadian dollar	5,357	(10,870)	(5,513)	(1.77)
Danish krone	1,317	(2,709)	(1,392)	(0.45)
Euro	22,133	(44,938)	(22,805)	(7.32)
Hong Kong dollar	2,149	(4,427)	(2,278)	(0.73)
Israeli new shekel	420	(841)	(421)	(0.14)
Japanese yen	18,866	(38,203)	(19,337)	(6.21)
New Zealand dollar	233	(466)	(233)	(0.07)
Norwegian krone	698	(1,449)	(751)	(0.24)
Polish zloty	–	(145)	(145)	(0.05)
Singapore dollar	871	(1,803)	(932)	(0.30)
South Korean won	–	(1,961)	(1,961)	(0.63)
Swedish krona	–	(2,310)	(2,310)	(0.74)
Swiss franc	5,940	(12,105)	(6,165)	(1.98)
US dollar	152,184	(254,338)	(102,154)	(32.81)
Total exposure to foreign currencies	215,086	(386,488)	(171,402)	(55.05)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019				
Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
ACS LifePath 2049-2051				
Australian dollar	5,088	(10,347)	(5,259)	(1.65)
Canadian dollar	5,590	(11,462)	(5,872)	(1.84)
Danish krone	1,381	(2,867)	(1,486)	(0.47)
Euro	22,507	(45,856)	(23,349)	(7.32)
Hong Kong dollar	2,242	(4,657)	(2,415)	(0.76)
Israeli new shekel	442	(885)	(443)	(0.14)
Japanese yen	19,370	(39,300)	(19,930)	(6.25)
New Zealand dollar	231	(462)	(231)	(0.07)
Norwegian krone	765	(1,584)	(819)	(0.26)
Polish zloty	–	(133)	(133)	(0.04)
Singapore dollar	937	(1,927)	(990)	(0.31)
South Korean won	–	(1,915)	(1,915)	(0.60)
Swedish krona	–	(2,450)	(2,450)	(0.77)
Swiss franc	6,207	(12,751)	(6,544)	(2.05)
US dollar	159,397	(265,907)	(106,510)	(33.39)
Total exposure to foreign currencies	224,157	(402,503)	(178,346)	(55.92)
ACS LifePath 2052-2054				
Australian dollar	2,998	(6,089)	(3,091)	(1.67)
Canadian dollar	3,224	(6,603)	(3,379)	(1.82)
Danish krone	813	(1,685)	(872)	(0.47)
Euro	13,205	(26,848)	(13,643)	(7.35)
Hong Kong dollar	1,323	(2,745)	(1,422)	(0.77)
Israeli new shekel	258	(516)	(258)	(0.14)
Japanese yen	11,329	(22,995)	(11,666)	(6.29)
New Zealand dollar	141	(282)	(141)	(0.08)
Norwegian krone	434	(912)	(478)	(0.26)
Polish zloty	–	(87)	(87)	(0.05)
Singapore dollar	553	(1,135)	(582)	(0.31)
South Korean won	–	(1,174)	(1,174)	(0.63)
Swedish krona	–	(1,449)	(1,449)	(0.78)
Swiss franc	3,683	(7,554)	(3,871)	(2.09)
US dollar	93,802	(156,469)	(62,667)	(33.78)
Total exposure to foreign currencies	131,763	(236,543)	(104,780)	(56.49)
BlackRock Pension Growth Fund				
Euro	–	(1,008,183)	(1,008,183)	(12.56)
Japanese yen	–	(119,695)	(119,695)	(1.49)
US dollar	234,999	(1,989,196)	(1,754,197)	(21.85)
Total exposure to foreign currencies	234,999	(3,117,074)	(2,882,075)	(35.90)

Management of foreign currency risk

Foreign currency exposures are managed within parameters utilising forward currency contracts. The details of the contracts in place at the year-end are disclosed in the portfolio statement of each Fund.

FINANCIAL INSTRUMENTS AND RISKS (continued)

ii) Market risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Fund and market prices of its investments.

An outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and has now developed into a global pandemic. This coronavirus has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions, and lower consumer demand, as well as general concern and uncertainty. The impact of COVID-19 has adversely affected the economies of many nations across the entire global economy, individual issuers and capital markets, and could continue to extents that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established healthcare systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

The Funds are exposed to market price risk arising from its investments. The exposure of the Funds to other price risk is the market value of the investments held as shown in the portfolio statement of each Fund.

Management of other price risk

By diversifying the portfolio, where this is appropriate and consistent with the Funds' objectives, the risk that a price change of a particular investment will have a material impact on the net asset value of the Funds is minimised. The investment concentrations within the portfolio are disclosed in the portfolio statement of each Fund by investment type.

The other price risk inherent in holdings in CIS is monitored by the Investment Manager by understanding the investment objectives of the underlying funds as well as their internal control policies and regular risk and performance reporting.

To manage other price risk, the Investment Manager performs extensive initial and ongoing due diligence on the underlying funds. The underlying funds are required to provide the Investment Manager with reports on a daily, monthly or quarterly basis, monitoring the internal controls and operational infrastructure of the managers of these funds.

iii) Market risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Funds are exposed to interest rate risk on its cash and bank balances held at The Northern Trust Company. Cash held on deposit at The Northern Trust Company receives/incurs interest at the prevailing daily rate which may be negative depending on the currency in which the cash is held.

The Funds also have indirect exposure to interest rate risk through their investments into CIS, whereby the value of the underlying asset may fluctuate as a result of a change in interest rates and through their investments in futures contracts, whereby the value of an underlying assets may fluctuate as a result of a change in interest rates through their investments in interest-bearing securities.

At 31 December 2020 and 31 December 2019, no interest bearing investments were held by the Funds.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

Management of interest rate risk

Interest rate risk exposure is managed by constantly monitoring the position for deviations outside a pre-determined tolerance level and, when necessary, rebalancing back to the original desired parameters.

b) Counterparty credit risk

Exposure to counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Funds are exposed to counterparty credit risk from the parties with which they trade and will bear the risk of settlement default.

Management of counterparty credit risk

Counterparty credit risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk Team. The team is headed by BlackRock's Chief Counterparty Credit Officer who reports directly to the Global Head of RQA Group. Credit authority resides with the Chief Counterparty Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Counterparty Credit Officer or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Counterparty Credit Officer as deemed appropriate.

BlackRock's RQA Counterparty & Concentration Risk Team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures.

The Manager maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's creditworthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

i) Over-the-Counter ("OTC") Financial Derivative Instruments ("FDIs")

The Funds' holdings in OTC FDIs also expose the Funds to counterparty credit risk.

All OTC FDIs are entered into by the Funds under an International Swaps and Derivatives Associations, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement. An ISDA Master Agreement is a bilateral agreement between the Funds and a counterparty that governs OTC FDIs 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 Funds under the ISDA Master Agreement. All collateral received/posted by the Funds under the ISDA Master Agreement is transferred bilaterally under a title transfer arrangement.

The Funds' maximum exposure to counterparty credit risk from holding forward currency contracts will be equal to the notional amount of the currency and any net unrealised gains or losses as disclosed in the portfolio statement.

Management of counterparty credit risk related to OTC FDIs

Forward currency contracts do not require variation margins and thus the counterparty credit risk is monitored through the BlackRock RQA Counterparty & Concentration Risk Team who monitor the creditworthiness of the counterparty.

The following table details the counterparties the Funds' are exposed to by OTC FDIs and the maximum exposure (which is calculated on a net basis) to each counterparty.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2020 Counterparty	Forwards £000's	Total Exposure £000's
ACS LifePath 2019-2021		
CitiGroup Global Markets^	–	–
Goldman Sachs	1,185	1,185
J.P. Morgan Chase Bank	2	2
Morgan Stanley & Co. International	1	1
State Street Bank and Trust	86	86
ACS LifePath 2022-2024		
CitiGroup Global Markets	1	1
Goldman Sachs	2,670	2,670
J.P. Morgan Chase Bank	3	3
Morgan Stanley & Co. International	87	87
State Street Bank and Trust	213	213
ACS LifePath 2025-2027		
Barclays Bank	1	1
CitiGroup Global Markets	2	2
Goldman Sachs	3,976	3,976
Morgan Stanley & Co. International	116	116
State Street Bank and Trust	339	339
ACS LifePath 2028-2030		
Barclays Bank	1	1
CitiGroup Global Markets	2	2
Goldman Sachs	4,277	4,277
Morgan Stanley & Co. International	129	129
State Street Bank and Trust	393	393
ACS LifePath 2031-2033		
Barclays Bank	1	1
CitiGroup Global Markets	2	2
Goldman Sachs	6,221	6,221
J.P. Morgan Chase Bank	4	4
Morgan Stanley & Co. International	243	243
State Street Bank and Trust	603	603
ACS LifePath 2034-2036		
CitiGroup Global Markets	2	2
Goldman Sachs	4,808	4,808
Morgan Stanley & Co. International	164	164
State Street Bank and Trust	483	483
ACS LifePath 2037-2039		
CitiGroup Global Markets	2	2
Goldman Sachs	6,467	6,467
Morgan Stanley & Co. International	273	273
State Street Bank and Trust	675	675

^ Investments which are less than £500 are rounded to zero.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2020 Counterparty	Forwards £000's	Total Exposure £000's
ACS LifePath 2040-2042		
CitiGroup Global Markets	1	1
Goldman Sachs	4,103	4,103
Morgan Stanley & Co. International	165	165
State Street Bank and Trust	443	443
ACS LifePath 2043-2045		
Barclays Bank	1	1
CitiGroup Global Markets	2	2
Goldman Sachs	5,394	5,394
Morgan Stanley & Co. International	217	217
State Street Bank and Trust	607	607
ACS LifePath 2046-2048		
CitiGroup Global Markets	1	1
Goldman Sachs	3,337	3,337
Morgan Stanley & Co. International	118	118
State Street Bank and Trust	379	379
ACS LifePath 2049-2051		
Barclays Bank	1	1
CitiGroup Global Markets	1	1
Goldman Sachs	3,886	3,886
Morgan Stanley & Co. International	160	160
State Street Bank and Trust	448	448
ACS LifePath 2052-2054		
CitiGroup Global Markets	1	1
Goldman Sachs	2,170	2,170
Morgan Stanley & Co. International	84	84
State Street Bank and Trust	252	252
BlackRock Pension Growth Fund		
Barclays Bank	25,437	25,437
BNP Paribas	17,133	17,133
CitiGroup Global Markets	9,031	9,031
Deutsche Bank	17,966	17,966
Goldman Sachs	17,126	17,126
HSBC Bank	7,122	7,122
J.P. Morgan Chase Bank	1,265	1,265
Morgan Stanley & Co. International	7,090	7,090
Natwest Markets	5,570	5,570
Standard Chartered Bank	5,585	5,585
State Street Bank and Trust	11,937	11,937
Toronto Dominion Bank	10	10

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019 Counterparty	Forwards £000's	Total Exposure £000's
ACS LifePath 2019-2021		
Barclays Bank	34	34
CitiGroup Global Markets	(1)	(1)
Goldman Sachs	1,568	1,568
J.P.Morgan Chase Bank	(1)	(1)
Morgan Stanley & Co. International	(17)	(17)
Royal Bank of Canada	(2)	(2)
State Street Bank and Trust	(10)	(10)
ACS LifePath 2022-2024		
Barclays Bank	68	68
CitiGroup Global Markets	(1)	(1)
Goldman Sachs	2,572	2,572
HSBC Bank	2	2
J.P.Morgan Chase Bank [^]	–	–
Morgan Stanley & Co. International	(5)	(5)
Royal Bank of Canada [^]	–	–
State Street Bank and Trust	3	3
ACS LifePath 2025-2027		
Barclays Bank	106	106
CitiGroup Global Markets	(4)	(4)
Goldman Sachs	3,841	3,841
J.P. Morgan Chase Bank	(1)	(1)
Morgan Stanley & Co. International	5	5
State Street Bank and Trust	6	6
ACS LifePath 2028-2030		
Barclays Bank	123	123
CitiGroup Global Markets	(2)	(2)
Goldman Sachs	4,306	4,306
J.P. Morgan Chase Bank	(3)	(3)
Morgan Stanley & Co. International	10	10
Royal Bank of Canada [^]	–	–
State Street Bank and Trust	3	3

[^] Investments which are less than £500 are rounded to zero.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019 Counterparty	Forwards £000's	Total Exposure £000's
ACS LifePath 2031-2033		
Barclays Bank	182	182
CitiGroup Global Markets	(2)	(2)
Goldman Sachs	5,628	5,628
J.P. Morgan Chase Bank	(2)	(2)
Morgan Stanley & Co. International	19	19
State Street Bank and Trust	(1)	(1)
ACS LifePath 2034-2036		
Barclays Bank	150	150
CitiGroup Global Markets	(2)	(2)
Goldman Sachs	4,503	4,503
J.P. Morgan Chase Bank	(1)	(1)
Morgan Stanley & Co. International	11	11
Royal Bank of Canada [^]	–	–
State Street Bank and Trust	9	9
ACS LifePath 2037-2039		
Barclays Bank	200	200
CitiGroup Global Markets	(3)	(3)
Goldman Sachs	5,491	5,491
HSBC Bank	4	4
J.P. Morgan Chase Bank	(5)	(5)
Morgan Stanley & Co. International	33	33
Royal Bank of Canada	2	2
State Street Bank and Trust [^]	–	–
ACS LifePath 2040-2042		
Barclays Bank	145	145
CitiGroup Global Markets	(2)	(2)
Goldman Sachs	3,868	3,868
HSBC Bank [^]	–	–
J.P. Morgan Chase Bank	(1)	(1)
Morgan Stanley & Co. International	14	14
Royal Bank of Canada	3	3
State Street Bank and Trust	9	9

[^] Investments which are less than £500 are rounded to zero.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019 Counterparty	Forwards £000's	Total Exposure £000's
ACS LifePath 2043-2045		
Barclays Bank	177	177
CitiGroup Global Markets	(2)	(2)
Goldman Sachs	4,597	4,597
HSBC Bank	3	3
J.P. Morgan Chase Bank	(2)	(2)
Morgan Stanley & Co. International	29	29
Royal Bank of Canada	4	4
State Street Bank and Trust	9	9
ACS LifePath 2046-2048		
Barclays Bank	120	120
CitiGroup Global Markets	(1)	(1)
Goldman Sachs	3,058	3,058
HSBC Bank [^]	–	–
J.P. Morgan Chase Bank	(2)	(2)
Morgan Stanley & Co. International	15	15
Royal Bank of Canada	4	4
State Street Bank and Trust	8	8
ACS LifePath 2049-2051		
Barclays Bank	124	124
CitiGroup Global Markets	(1)	(1)
Goldman Sachs	3,134	3,134
HSBC Bank	3	3
J.P. Morgan Chase Bank [^]	–	–
Morgan Stanley & Co. International	26	26
Royal Bank of Canada	4	4
State Street Bank and Trust	11	11
ACS LifePath 2052-2054		
Barclays Bank	74	74
CitiGroup Global Markets	(1)	(1)
Goldman Sachs	1,850	1,850
HSBC Bank	1	1
J.P. Morgan Chase Bank	(1)	(1)
Morgan Stanley & Co. International	14	14
Royal Bank of Canada	3	3
State Street Bank and Trust	8	8

[^] Investments which are less than £500 are rounded to zero.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019 Counterparty	Forwards £000's	Total Exposure £000's
BlackRock Pension Growth Fund		
Barclays Bank	19,268	19,268
BNP Paribas	16,985	16,985
CitiGroup Global Markets	844	844
Goldman Sachs	4,185	4,185
HSBC Bank	3,714	3,714
J.P. Morgan Chase Bank	(310)	(310)
Morgan Stanley & Co. International	9,530	9,530
Royal Bank of Canada	(168)	(168)
Société Générale	15,843	15,843
State Street Bank and Trust	10,224	10,224
Toronto-Dominion Bank	19,641	19,641
UBS	4,388	4,388

ii) Depository and Custodian

The Funds' Depository is Northern Trust Global Services SE UK Branch (the "Depository"). The Depository has delegated the function of custodian of the property of the Funds to The Northern Trust Company (the "Custodian").

Substantially all of the investments other than financial derivative instruments of the Funds are held by the Custodian at year end.

Investments are segregated from the assets of the Custodian, with ownership rights remaining with the Funds. Bankruptcy or insolvency of the Custodian may cause the Funds' rights with respect to its investments held by the Custodian to be delayed or limited. The maximum exposure to this risk is the amount of long investments disclosed in the portfolio statement of each Fund.

The Funds will be exposed to the credit risk of the Custodian, or any depository used by the Depository regarding cash balances held in accounts with same. In the event of insolvency or bankruptcy of the Custodian or any depository used by the Depository, the Funds will be treated as a general creditor of the Depository.

Management of counterparty credit risk related to the Depository and Custodian

To mitigate the Funds' credit risk with respect to the Depository, the Investment Manager of the Funds employs specific procedures to ensure that the Depository employed is a reputable institution and that the associated credit risk is acceptable to the Funds. The Funds transact with counterparties that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies.

The long term credit rating of the parent company of the Depository and Custodian, Northern Trust Corporation as at 31 December 2020 was A+ (31 December 2019: A+) (Standard & Poor's rating).

iii) Debt securities

Issuer credit risk is the default risk of one of the issuers of any securities held by the Funds.

The bonds held by the Funds' underlying CIS are issued by companies and government agencies in order to achieve the investment objectives for each of the Funds' underlying CIS.

The borrower receives from the Funds' underlying CIS a principal amount. The Funds' underlying CIS will then receive interest based on the coupon rate of the bond and repayment of the initial principal amount on the bond's maturity date.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

Any impairment to the borrower's ability to pay amounts due may result in changes to the tradable value of the bond and the amount to be received upon maturity of the bond.

Management of counterparty credit risk related to debt securities

The ability of the borrower to repay not only the principal value but also any interest due on the bond, referred to as the borrower's credit rating, is monitored by the Investment Manager of the Funds underlying CIS.

The Investment Manager of the Funds' underlying CIS may undertake its own research of the borrower's financial position in order to assess the ability of the borrower to pay amounts due.

The ratings of the underlying funds' debt securities are continually monitored by the BlackRock Portfolio Management Group.

iv) Counterparties

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Counterparty credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

Management of counterparty credit risk related to counterparties

The Manager monitors the credit rating and financial position of the brokers used to further mitigate this risk.

c) Liquidity risk

Exposure to liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulties in meeting its obligations associated with financial liabilities.

Liquidity risk to the Funds arises from the redemption requests of investors and the liquidity of the underlying investments the Funds are invested in. The Funds' unitholders may redeem their units on the close of any daily dealing deadline for cash equal to a proportionate share of the Funds' Net Asset Value. The Funds are therefore potentially exposed to the liquidity risk of meeting the unitholders' redemptions and may need to sell assets at prevailing market prices to meet liquidity demands.

All non-derivative financial liabilities held by the Funds as at 31 December 2020 and 31 December 2019, based on contractual maturities, fall due within three months.

Management of liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands.

To manage this risk, at times of excessive redemptions the Manager may decide to defer redemptions at any valuation point to the next valuation point where the requested aggregate redemptions exceed 10 per cent of the Fund's value. This allows the Manager to protect the interests of continuing unitholders by allowing the Manager to match the sale of Funds' investments to the level of redemptions.

All unitholders who have sought to redeem units at any valuation point at which redemptions are deferred will be treated consistently and any redemption requests received in the meantime will not be processed until the redemption requests that have been deferred to subsequent valuation points have been processed.

The Funds' liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The portfolio managers review daily forward looking cash reports which project cash obligations. These reports allow them to manage their cash obligations.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

d) Valuation of financial instruments

The Funds classify financial instruments measured at fair value using a fair value hierarchy. The fair value hierarchy has the following categories:

Level 1 – Quoted prices for identical instruments in active markets

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. Funds do not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs

This category includes instruments valued using quoted prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Valuation techniques used for non-standardised financial instruments such as OTC derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity determined inputs.

Level 3 – Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation techniques used include inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager. The Investment Manager considers observable inputs to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The tables below is an analysis of each Fund's investment assets and investment liabilities measured at fair value at the Balance Sheet date.

31 December 2020	Level 1	Level 2	Level 3	Total
	£000's	£000's	£000's	£000's
ACS LifePath 2019-2021				
Investment Assets				
Collective Investment Schemes	13,371	161,762	–	175,133
Derivatives	–	1,435	–	1,435
Investment liabilities				
Derivatives	–	(161)	–	(161)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2020	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
ACS LifePath 2022-2024				
Investment Assets				
Collective Investment Schemes	33,011	362,653	–	395,664
Derivatives	–	3,285	–	3,285
Investment liabilities				
Derivatives	–	(311)	–	(311)
ACS LifePath 2025-2027				
Investment Assets				
Collective Investment Schemes	50,630	522,265	–	572,895
Derivatives	–	4,908	–	4,908
Investment liabilities				
Derivatives	–	(474)	–	(474)
ACS LifePath 2028-2030				
Investment Assets				
Collective Investment Schemes	55,329	547,363	–	602,692
Derivatives	–	5,309	–	5,309
Investment liabilities				
Derivatives	–	(507)	–	(507)
ACS LifePath 2031-2033				
Investment Assets				
Collective Investment Schemes	79,843	772,050	–	851,893
Derivatives	–	7,802	–	7,802
Investment liabilities				
Derivatives	–	(728)	–	(728)
ACS LifePath 2034-2036				
Investment Assets				
Collective Investment Schemes	60,307	572,169	–	632,476
Derivatives	–	6,032	–	6,032
Investment liabilities				
Derivatives	–	(575)	–	(575)
ACS LifePath 2037-2039				
Investment Assets				
Collective Investment Schemes	79,415	756,176	–	835,591
Derivatives	–	8,175	–	8,175
Investment liabilities				
Derivatives	–	(758)	–	(758)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2020	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
ACS LifePath 2040-2042				
Investment Assets				
Collective Investment Schemes	49,017	459,717	–	508,734
Derivatives	–	5,198	–	5,198
Investment liabilities				
Derivatives	–	(486)	–	(486)
ACS LifePath 2043-2045				
Investment Assets				
Collective Investment Schemes	63,100	593,159	–	656,259
Derivatives	–	6,860	–	6,860
Investment liabilities				
Derivatives	–	(639)	–	(639)
ACS LifePath 2046-2048				
Investment Assets				
Collective Investment Schemes	37,704	354,019	–	391,723
Derivatives	–	4,237	–	4,237
Investment liabilities				
Derivatives	–	(402)	–	(402)
ACS LifePath 2049-2051				
Investment Assets				
Collective Investment Schemes	42,937	408,071	–	451,008
Derivatives	–	4,962	–	4,962
Investment liabilities				
Derivatives	–	(466)	–	(466)
ACS LifePath 2052-2054				
Investment Assets				
Collective Investment Schemes	23,589	224,510	–	248,099
Derivatives	–	2,767	–	2,767
Investment liabilities				
Derivatives	–	(260)	–	(260)
BlackRock Pension Growth Fund				
Investment Assets				
Collective Investment Schemes	–	8,316,416	–	8,316,416
Derivatives	–	130,790	–	130,790
Investment liabilities				
Derivatives	–	(5,518)	–	(5,518)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
ACS LifePath 2019-2021				
Investment Assets				
Collective Investment Schemes	14,661	176,102	–	190,763
Derivatives	–	1,666	–	1,666
Investment liabilities				
Derivatives	–	(95)	–	(95)
ACS LifePath 2022-2024				
Investment Assets				
Collective Investment Schemes	26,759	286,813	–	313,572
Derivatives	–	2,734	–	2,734
Investment liabilities				
Derivatives	–	(95)	–	(95)
ACS LifePath 2025-2027				
Investment Assets				
Collective Investment Schemes	40,640	420,329	–	460,969
Derivatives	–	4,103	–	4,103
Investment liabilities				
Derivatives	–	(150)	–	(150)
ACS LifePath 2028-2030				
Investment Assets				
Collective Investment Schemes	45,079	459,423	–	504,502
Derivatives	–	4,613	–	4,613
Investment liabilities				
Derivatives	–	(176)	–	(176)
ACS LifePath 2031-2033				
Investment Assets				
Collective Investment Schemes	58,148	587,390	–	645,538
Derivatives	–	6,054	–	6,054
Investment liabilities				
Derivatives	–	(230)	–	(230)
ACS LifePath 2034-2036				
Investment Assets				
Collective Investment Schemes	45,920	453,139	–	499,059
Derivatives	–	4,864	–	4,864
Investment liabilities				
Derivatives	–	(194)	–	(194)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2
FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
ACS LifePath 2037-2039				
Investment Assets				
Collective Investment Schemes	55,318	542,208	–	597,526
Derivatives	–	5,965	–	5,965
Investment liabilities				
Derivatives	–	(243)	–	(243)
ACS LifePath 2040-2042				
Investment Assets				
Collective Investment Schemes	37,900	367,681	–	405,581
Derivatives	–	4,213	–	4,213
Investment liabilities				
Derivatives	–	(177)	–	(177)
ACS LifePath 2043-2045				
Investment Assets				
Collective Investment Schemes	44,356	427,702	–	472,058
Derivatives	–	5,031	–	5,031
Investment liabilities				
Derivatives	–	(216)	–	(216)
ACS LifePath 2046-2048				
Investment Assets				
Collective Investment Schemes	28,218	276,166	–	304,384
Derivatives	–	3,347	–	3,347
Investment liabilities				
Derivatives	–	(145)	–	(145)
ACS LifePath 2049-2051				
Investment Assets				
Collective Investment Schemes	28,962	282,784	–	311,746
Derivatives	–	3,452	–	3,452
Investment liabilities				
Derivatives	–	(151)	–	(151)
ACS LifePath 2052-2054				
Investment Assets				
Collective Investment Schemes	16,701	164,481	–	181,182
Derivatives	–	2,037	–	2,037
Investment liabilities				
Derivatives	–	(89)	–	(89)

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2019	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
BlackRock Pension Growth Fund				
Investment Assets				
Collective Investment Schemes	–	7,798,936	–	7,798,936
Derivatives		115,109		115,109
Investment liabilities				
Derivatives	–	(10,965)	–	(10,965)

Securities with a value less than £500 are not disclosed in the tables above. These securities are identified on the portfolio statement of each Fund.

e) Leverage

The Funds may employ leverage and borrow cash in accordance with their stated investment policy or investment strategy. The Funds may employ leverage in their investment programmes through various means including the use of FDIs.

The use of borrowings and leverage has associated risks and can, in certain circumstances, substantially increase the adverse impact to which the Funds' investment portfolios may be subject.

For the purposes of this disclosure, leverage is any method by which the Funds' exposure is increased, whether through borrowing of cash or securities, or leverage embedded in derivative positions, or by any other means. The AIFMD requires that each leverage ratio be expressed as the ratio between a Fund's exposure and its NAV and prescribes two required methodologies, the gross methodology and the commitment methodology, for calculating such exposure using the methodologies prescribed under the AIFMD, the leverage of the Funds is disclosed in the table below.

Fund	Gross exposure		Commitment approach	
	Maximum limit	Leverage as at 31.12.2020	Maximum limit	Leverage as at 31.12.2020
ACS Life Path 2019-2021	4.1:1	2.62	2.1:1	1.47
ACS Life Path 2022-2024	4.1:1	2.65	2.1:1	1.50
ACS Life Path 2025-2027	4.1:1	2.68	2:1:1	1.50
ACS Life Path 2028-2030	4.1:1	2.72	2:1:1	1.51
ACS Life Path 2031-2033	4.1:1	2.77	2:1:1	1.53
ACS Life Path 2034-2036	4.1:1	2.83	2:1:1	1.54
ACS Life Path 2037-2039	4.1:1	2.87	2:1:1	1.56
ACS Life Path 2040-2042	4.1:1	2.94	2:1:1	1.58
ACS Life Path 2043-2045	4.1:1	2.99	2:1:1	1.60
ACS Life Path 2046-2048	4.1:1	3.05	2:1:1	1.62
ACS Life Path 2049-2051	4.1:1	3.08	2:1:1	1.63
ACS Life Path 2052-2054	4.1:1	3.11	2:1:1	1.64
BlackRock Pension Growth Fund	4.1:1	1.72	2:1:1	1.37

The maximum level of leverage which the Funds, or the Manager on the Funds' behalf, is permitted to use as part of the Funds' investment strategies is set out in the Prospectus and in the above table.

ACS LIFE PATH 2019-2021

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805809.

The ACS LifePath 2019-2021 will reach its target date at the end of 2021 and the Manager intends to close the fund in the second half of 2022. As a result, these financial statements are prepared on other than going concern basis for the year ended 31 December 2020. Under this basis, all assets are recorded at their estimated realisable amount and all liabilities at their estimated settlement amount. The liquidation costs are borne by the Manager.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	108.77	95.64	100.00
Return before operating charges	9.12	13.15	(4.35)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.10	13.13	(4.36)
Distributions	(1.82)	(1.97)	(0.96)
Retained distributions on accumulation units	1.82	1.97	0.96
Closing net asset value per unit	117.87	108.77	95.64
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.37%	13.73%	(4.36)%
Other Information			
Closing net asset value (£000's)	177,507	193,097	165,781
Closing number of units	150,592,541	177,521,813	173,331,598
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	117.90	109.60	101.40
Lowest bid unit price	93.25	95.49	94.84

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

ACS LIFEPAATH 2019-2021

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.8214
Distribution payable 28.2.2021	1.8214
Distribution paid 29.2.2020	1.9676

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets	
COLLECTIVE INVESTMENT SCHEMES - 98.66%; 31.12.19 98.79%									
Equity Funds - 39.20%; 31.12.19 40.53%									
2,163,738	BlackRock ACS UK Equity Tracker Fund	2,143	1.21	GBP 543,626	UK sterling vs Hong Kong dollar	(532)	12	0.01	
26,245,488	BlackRock ACS World ESG Equity Tracker Fund	30,507	17.19	GBP 84,839	UK sterling vs Israel shekel	(85)	(1)	0.00	
12,961,880	BlackRock ACS World Ex UK Equity Tracker Fund	19,168	10.80	GBP 11,198,295	UK sterling vs Japanese yen	(11,080)	118	0.06	
1,983,505	iShares Diversified Commodity Swap UCITS ETF	7,091	3.99	GBP 368,476	UK sterling vs Korean won	(367)	1	0.00	
1,409,828	iShares Emerging Markets Equity Index Fund (UK)	2,574	1.45	GBP 57,013	UK sterling vs New Zealand dollar^	(58)	-	0.00	
56,779	iShares Emerging Markets Index Fund (IE)	1,820	1.02	GBP 178,491	UK Sterling vs Norwegian krone	(182)	(3)	0.00	
1,334,861	iShares MSCI World Small Cap UCITS ETF	6,280	3.54	GBP 33,712	UK sterling vs Polish zloty^	(33)	-	0.00	
		69,583	39.20						
Fixed Income Funds - 59.46%; 31.12.19 58.26%									
7,023,431	iShares Corporate Bond Index Fund (UK)	11,546	6.50	GBP 205,639	UK sterling vs Singapore dollar	(204)	2	0.00	
41,470	iShares Emerging Markets Government Bond Index Fund (LU)	4,522	2.55	GBP 716,724	UK sterling vs Swedish krona	(734)	(17)	(0.01)	
8,348,724	iShares Index Linked Gilt Index Fund (UK)	15,896	8.96	GBP 1,622,354	UK sterling vs Swiss franc	(1,629)	(6)	0.00	
6,206,529	iShares Overseas Corporate Bond Index Fund (UK)	10,266	5.78	GBP 60,954,360	UK sterling vs United States dollar	(59,663)	1,291	0.73	
22,375,666	iShares Overseas Government Bond Index Fund (UK)	30,946	17.43	USD 2,180,028	United States dollar vs UK sterling	1,597	(22)	(0.01)	
22,358,005	iShares UK Gilts All Stocks Index Fund (UK)	32,374	18.24						
		105,550	59.46			(94,255)	1,274	0.72	
				Portfolio of investments				176,407	99.38
				Net other assets				1,100	0.62
				Total net assets				177,507	100.00
Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets					
DERIVATIVES - 0.72%; 31.12.19 0.81%									
Forward Currency Contracts - 0.72%; 31.12.19 0.81%									
EUR 425,539	Euro vs UK sterling	383	(3)	0.00					
JPY 34,675,136	Japanese yen vs UK sterling	246	(2)	0.00					
GBP 1,981,558	UK sterling vs Australian dollar	(2,036)	(55)	(0.03)					
GBP 2,600,497	UK sterling vs Canadian dollar	(2,589)	11	0.00					
GBP 598,610	UK sterling vs Danish krone	(601)	(2)	0.00					
GBP 16,638,219	UK sterling vs Euro	(16,688)	(50)	(0.03)					

All underlying funds are managed by a related party.

The counterparties for the forward currency contracts are disclosed in note 2(b)(i).

^ Investments which are less than £500 are rounded to zero.

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	10,460	19,826
Revenue	4	2,924	3,473
Expenses	5	(30)	71
Interest payable and similar charges		–	–
Net revenue before taxation		2,894	3,544
Taxation	6	–	–
Net revenue after taxation		2,894	3,544
Total return before distributions		13,354	23,370
Distributions	7	(2,894)	(3,544)
Change in net assets attributable to unitholders from investment activities		10,460	19,826

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	193,097	165,781
Amounts receivable on issue of units	38,565	63,220
Amounts payable on cancellation of units	(67,358)	(59,223)
	(28,793)	3,997
Change in net assets attributable to unitholders from investment activities	10,460	19,826
Retained distribution on accumulation units	2,743	3,493
Closing net assets attributable to unitholders	177,507	193,097

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		176,568	192,429
Current assets			
– Debtors	8	1,952	3,967
– Cash and bank balances		121	69
Total assets		178,641	196,465
Liabilities:			
Investment liabilities		(161)	(95)
Creditors			
– Other creditors	9	(973)	(3,273)
Total liabilities		(1,134)	(3,368)
Net assets attributable to unitholders		177,507	193,097

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	10,996	17,067
Forward currency contracts	(1,094)	639
Currency gains	550	2,208
Custodian transaction costs	8	(88)
Net capital gains	10,460	19,826

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	–	1
Equity distributions on CIS holdings	206	314
Interest distributions on CIS holdings	1,548	1,555
Overseas dividends	842	1,130
Rebate from underlying CIS holdings	35	39
Securities lending revenue	3	9
UK dividends	263	390
UK REIT dividends	5	9
US REIT dividends	22	26
Total revenue	2,924	3,473

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	46	(103)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	–	1
– Safe custody fees	(38)	15
– Dividend charges [*]	9	3
Total expenses	30	(71)

[#] The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.^{*} This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

NOTES TO FINANCIAL STATEMENTS (continued)

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	2,743	3,493
	2,743	3,493
Add: Amounts deducted on cancellation of units	570	624
Deduct: Amounts received on issue of units	(419)	(573)
Distributions	2,894	3,544

Details of the final distribution per unit are set out in the table on page 48.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	7	171
Accrued rebate from underlying CIS holdings	45	52
Accrued revenue	959	1,380
Amount receivable on issue of units	174	282
Sales awaiting settlement	767	2,082
Total debtors	1,952	3,967

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	4	3
Accrued Safe custody fees	–	8
Amount payable for cancellation of units	839	3,208
Currency deals awaiting settlement	–	3
Custodian transaction costs	14	44
Purchases awaiting settlement	109	–
Total other creditors	973	3,273

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	85%
15%		

As at 31 December 2019:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	82%
18%		

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.14% (31 December 2019: 0.11%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	177,521,813
Issued during the year	35,003,456
Cancelled during the year	(61,932,728)
Balance at the end of the year	150,592,541

14. Subsequent Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805810.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	109.05	94.91	100.00
Return before operating charges	9.40	14.16	(5.08)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.38	14.14	(5.09)
Distributions	(1.77)	(1.99)	(0.95)
Retained distributions on accumulation units	1.77	1.99	0.95
Closing net asset value per unit	118.43	109.05	94.91
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.60%	14.90%	(5.09)%
Other Information			
Closing net asset value (£000's)	400,130	318,022	220,173
Closing number of units	337,860,944	291,621,425	231,976,436
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	118.40	110.00	101.50
Lowest bid unit price	91.16	94.67	94.00

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.7706
Distribution payable 28.2.2021	1.7706
Distribution paid 29.2.2020	1.9922

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets	
COLLECTIVE INVESTMENT SCHEMES - 98.88%; 31.12.19 98.60%									
Equity Funds - 46.16%; 31.12.19 48.57%									
5,724,019	BlackRock ACS UK Equity Tracker Fund	5,670	1.42	GBP 1,399,279	UK sterling vs Hong Kong dollar	(1,369)	30	0.01	
56,696,325	BlackRock ACS World ESG Equity Tracker Fund	65,901	16.47	GBP 266,564	UK sterling vs Israel shekel	(268)	(2)	0.00	
44,112,281	BlackRock ACS World Ex UK Equity Tracker Fund	65,235	16.30	GBP 24,725,275	UK sterling vs Japanese yen	(24,465)	260	0.06	
4,457,005	iShares Diversified Commodity Swap UCITS ETF	15,934	3.98	GBP 1,193,350	UK sterling vs Korean won	(1,189)	4	0.00	
3,047,094	iShares Emerging Markets Equity Index Fund (UK)	5,564	1.39	GBP 121,159	UK sterling vs New Zealand dollar	(122)	(1)	0.00	
290,608	iShares Emerging Markets Index Fund (IE)	9,313	2.33	GBP 444,028	UK Sterling vs Norwegian krone	(452)	(8)	0.00	
3,629,777	iShares MSCI World Small Cap UCITS ETF	17,077	4.27	GBP 49,228	UK sterling vs Polish zloty	(49)	1	0.00	
		184,694	46.16	GBP 533,070	UK sterling vs Singapore dollar	(529)	4	0.00	
Fixed Income Funds - 52.72%; 31.12.19 50.03%									
13,702,276	iShares Corporate Bond Index Fund (UK)	22,526	5.63	GBP 1,840,590	UK sterling vs Swedish krona	(1,883)	(43)	(0.01)	
78,476	iShares Emerging Markets Government Bond Index Fund (LU)	8,557	2.14	GBP 4,109,344	UK sterling vs Swiss franc	(4,126)	(16)	(0.01)	
18,784,491	iShares Index Linked Gilt Index Fund (UK)	35,766	8.94	GBP 140,772,136	UK sterling vs United States dollar	(137,812)	2,960	0.74	
12,148,851	iShares Overseas Corporate Bond Index Fund (UK)	20,094	5.02	USD 688,721	United States dollar vs UK sterling	505	(11)	0.00	
44,059,803	iShares Overseas Government Bond Index Fund (UK)	60,935	15.23						
43,572,149	iShares UK Gilts All Stocks Index Fund (UK)	63,092	15.76						
		210,970	52.72			(219,471)	2,974	0.74	
				Portfolio of investments				398,638	99.62
				Net other assets				1,492	0.38
				Total net assets				400,130	100.00

DERIVATIVES - 0.74%; 31.12.19 0.83%**Forward Currency Contracts - 0.74%; 31.12.19 0.83%**

EUR 131,623	Euro vs UK sterling^	118	-	0.00
JPY 13,276,232	Japanese yen vs UK sterling	94	(1)	0.00
GBP 4,637,402	UK sterling vs Australian dollar	(4,765)	(127)	(0.03)
GBP 5,982,774	UK sterling vs Canadian dollar	(5,957)	26	0.01
GBP 1,398,352	UK sterling vs Danish krone	(1,403)	(5)	0.00
GBP 35,701,429	UK sterling vs Euro	(35,799)	(97)	(0.03)

All underlying funds are managed by a related party.

The counterparties for the forward currency contracts are disclosed in note 2(b)(i).

^ Investments which are less than £500 are rounded to zero.

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	24,590	30,331
Revenue	4	5,386	5,148
Expenses	5	(49)	49
Interest payable and similar charges		–	–
Net revenue before taxation		5,337	5,197
Taxation	6	–	–
Net revenue after taxation		5,337	5,197
Total return before distributions		29,927	35,528
Distributions	7	(5,337)	(5,197)
Change in net assets attributable to unitholders from investment activities		24,590	30,331

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	318,022	220,173
Amounts receivable on issue of units	86,380	89,416
Amounts payable on cancellation of units	(34,844)	(27,707)
	51,536	61,709
Change in net assets attributable to unitholders from investment activities	24,590	30,331
Retained distribution on accumulation units	5,982	5,809
Closing net assets attributable to unitholders	400,130	318,022

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		398,949	316,306
Current assets			
– Debtors	8	3,544	3,664
– Cash and bank balances		177	112
Total assets		402,670	320,082
Liabilities:			
Investment liabilities		(311)	(95)
Creditors			
– Other creditors	9	(2,229)	(1,965)
Total liabilities		(2,540)	(2,060)
Net assets attributable to unitholders		400,130	318,022

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	23,322	25,599
Forward currency contracts	746	1,787
Currency gains	514	3,027
Custodian transaction costs	8	(82)
Net capital gains	24,590	30,331

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	1	11
Equity distributions on CIS holdings	449	472
Interest distributions on CIS holdings	2,297	1,872
Overseas dividends	1,906	1,993
Rebate from underlying CIS holdings	75	63
Securities lending revenue	8	15
UK dividends	590	670
UK REIT dividends	10	15
US REIT dividends	50	37
Total revenue	5,386	5,148

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	51	(92)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	–	1
– Safe custody fees	(34)	16
– Dividend charges [*]	19	13
Total expenses	49	(49)

[#] The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.^{*} This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

NOTES TO FINANCIAL STATEMENTS (continued)

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	5,982	5,809
	5,982	5,809
Add: Amounts deducted on cancellation of units	285	294
Deduct: Amounts received on issue of units	(930)	(906)
Distributions	5,337	5,197

Details of the final distribution per unit are set out in the table on page 58.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	1	145
Accrued rebate from underlying CIS holdings	93	83
Accrued revenue	2,527	2,743
Amount receivable on issue of units	923	693
Total debtors	3,544	3,664

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	4	3
Accrued Safe custody fees	1	8
Amount payable for cancellation of units	1,290	853
Currency deals awaiting settlement	–	7
Custodian transaction costs	13	36
Purchases awaiting settlement	914	1,051
Total other creditors	2,229	1,965

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	85%
15%		

As at 31 December 2019

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	79%
21%		

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.13% (31 December 2019: 0.11%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	291,621,425
Issued during the year	78,186,401
Cancelled during the year	(31,946,882)
Balance at the end of the year	337,860,944

14. Subsequent Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805813.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	109.41	94.44	100.00
Return before operating charges	9.29	14.99	(5.55)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.27	14.97	(5.56)
Distributions	(1.82)	(2.04)	(0.99)
Retained distributions on accumulation units	1.82	2.04	0.99
Closing net asset value per unit	118.68	109.41	94.44
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.47%	15.85%	(5.56)%
Other Information			
Closing net asset value (£000's)	581,088	467,932	315,116
Closing number of units	489,637,910	427,683,140	333,681,027
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	118.70	110.40	101.80
Lowest bid unit price	89.49	94.14	93.45

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

ACS LIFEPATH 2025-2027

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.8178
Distribution payable 28.2.2021	1.8178
Distribution paid 29.2.2020	2.0425

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value		Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value		Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES - 98.59%; 31.12.19 98.51%										
Equity Funds - 52.59%; 31.12.19 54.85%										
469,491	BlackRock ACS Continental European Equity Tracker Fund		574	0.10	GBP 7,131,070	UK sterling vs Australian dollar		(7,327)	(196)	(0.03)
250,694	BlackRock ACS Japan Equity Tracker Fund		327	0.06	GBP 9,006,653	UK sterling vs Canadian dollar		(8,967)	40	0.01
9,258,088	BlackRock ACS UK Equity Tracker Fund		9,170	1.58	GBP 2,230,323	UK sterling vs Danish krone		(2,238)	(7)	0.00
1,508,619	BlackRock ACS US Equity Tracker Fund		2,396	0.41	GBP 49,494,317	UK sterling vs Euro		(49,635)	(141)	(0.03)
82,812,362	BlackRock ACS World ESG Equity Tracker Fund		96,259	16.56	GBP 2,357,239	UK sterling vs Hong Kong dollar		(2,307)	50	0.01
76,256,493	BlackRock ACS World Ex UK Equity Tracker Fund		112,771	19.41	GBP 437,527	UK sterling vs Israel shekel		(440)	(3)	0.00
6,307,730	iShares Diversified Commodity Swap UCITS ETF		22,550	3.88	GBP 35,530,629	UK sterling vs Japanese yen		(35,156)	374	0.06
7,171,281	iShares Emerging Markets Equity Index Fund (UK)		13,095	2.25	GBP 2,142,081	UK sterling vs Korean won		(2,135)	7	0.00
418,811	iShares Emerging Markets Index Fund (IE)		13,422	2.31	GBP 230,493	UK sterling vs New Zealand dollar		(232)	(2)	0.00
3,526,431	iShares Global Property Securities Equity Index Fund (UK)		6,739	1.16	GBP 716,536	UK Sterling vs Norwegian krone		(729)	(12)	0.00
5,968,384	iShares MSCI World Small Cap UCITS ETF		28,080	4.83	GBP 130,292	UK sterling vs Polish zloty		(129)	2	0.00
106,315	iShares Pacific ex Japan Equity Index Fund (UK)		236	0.04	GBP 877,671	UK sterling vs Singapore dollar		(871)	7	0.00
			305,619	52.59						
Fixed Income Funds - 46.00%; 31.12.19 43.66%										
16,820,326	iShares Corporate Bond Index Fund (UK)		27,653	4.76	GBP 2,983,848	UK sterling vs Swedish krona		(3,053)	(69)	(0.01)
98,570	iShares Emerging Markets Government Bond Index Fund (LU)		10,747	1.85	GBP 6,708,542	UK sterling vs Swiss franc		(6,735)	(26)	(0.01)
26,521,217	iShares Index Linked Gilt Index Fund (UK)		50,496	8.69	GBP 210,118,346	UK sterling vs United States dollar		(205,690)	4,428	0.76
15,083,487	iShares Overseas Corporate Bond Index Fund (UK)		24,948	4.29	USD 1,199,775	United States dollar vs UK sterling		879	(17)	0.00
54,391,222	iShares Overseas Government Bond Index Fund (UK)		75,223	12.95						
54,011,449	iShares UK Gilts All Stocks Index Fund (UK)		78,209	13.46						
			267,276	46.00						
					Portfolio of investments				577,329	99.35
					Net other assets				3,759	0.65
					Total net assets				581,088	100.00
Holding or Nominal Value		Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets					
DERIVATIVES - 0.76%; 31.12.19 0.84%										
Forward Currency Contracts - 0.76%; 31.12.19 0.84%										
EUR 97,920	Euro vs UK sterling [^]		88	-	0.00					
JPY 15,013,989	Japanese yen vs UK sterling		107	(1)	0.00					

All underlying funds are managed by a related party.
The counterparties for the forward currency contracts are disclosed in note 2(b)(i).

[^] Investments which are less than £500 are rounded to zero.

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	35,459	46,956
Revenue	4	8,145	7,734
Expenses	5	(61)	25
Interest payable and similar charges		–	–
Net revenue before taxation		8,084	7,759
Taxation	6	–	–
Net revenue after taxation		8,084	7,759
Total return before distributions		43,543	54,715
Distributions	7	(8,084)	(7,759)
Change in net assets attributable to unitholders from investment activities		35,459	46,956

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	467,932	315,116
Amounts receivable on issue of units	115,973	133,411
Amounts payable on cancellation of units	(47,177)	(36,287)
	68,796	97,124
Change in net assets attributable to unitholders from investment activities	35,459	46,956
Retained distribution on accumulation units	8,901	8,736
Closing net assets attributable to unitholders	581,088	467,932

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		577,803	465,072
Current assets			
– Debtors	8	5,629	5,249
– Cash and bank balances		546	160
Total assets		583,978	470,481
Liabilities:			
Investment liabilities		(474)	(150)
Creditors			
– Other creditors	9	(2,416)	(2,399)
Total liabilities		(2,890)	(2,549)
Net assets attributable to unitholders		581,088	467,932

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	33,661	39,799
Forward currency contracts	1,001	2,836
Currency gains	789	4,397
Custodian transaction costs	8	(76)
Net capital gains	35,459	46,956

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	1	4
Equity distributions on CIS holdings	780	853
Interest distributions on CIS holdings	3,057	2,444
Overseas dividends	3,107	3,151
Rebate from underlying CIS holdings	119	97
Securities lending revenue	13	23
UK dividends	969	1,064
UK REIT dividends	17	24
US REIT dividends	82	74
Total revenue	8,145	7,734

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	52	(77)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	–	1
– Safe custody fees	(34)	17
– Dividend charges [*]	30	21
Total expenses	61	(25)

[#] The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.^{*} This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

NOTES TO FINANCIAL STATEMENTS (continued)

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	8,901	8,736
	8,901	8,736
Add: Amounts deducted on cancellation of units	424	392
Deduct: Amounts received on issue of units	(1,241)	(1,369)
Distributions	8,084	7,759

Details of the final distribution per unit are set out in the table on page 68.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	–	135
Accrued rebate from underlying CIS holdings	147	128
Accrued revenue	4,076	4,479
Amount receivable on issue of units	1,406	507
Total debtors	5,629	5,249

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	4	3
Accrued Safe custody fees	1	9
Amount payable for cancellation of units	472	1,040
Currency deals awaiting settlement	–	9
Custodian transaction costs	11	34
Purchases awaiting settlement	1,921	1,297
Total other creditors	2,416	2,399

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO FINANCIAL STATEMENTS (continued)**11. Related Parties (continued)**

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	71%
29%		

As at 31 December 2019:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	67%
33%		

NOTES TO FINANCIAL STATEMENTS (continued)**11. Related Parties (continued)**

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.13% (31 December 2019: 0.11%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	427,683,140
Issued during the year	105,524,753
Cancelled during the year	(43,569,983)
Balance at the end of the year	489,637,910

14. Subsequent Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805821.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	109.77	94.00	100.00
Return before operating charges	9.13	15.79	(5.99)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.11	15.77	(6.00)
Distributions	(1.88)	(2.10)	(1.03)
Retained distributions on accumulation units	1.88	2.10	1.03
Closing net asset value per unit	118.88	109.77	94.00
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.30%	16.78%	(6.00)%
Other Information			
Closing net asset value (£000's)	611,566	512,670	349,622
Closing number of units	514,439,217	467,031,107	371,923,932
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	118.90	110.80	102.00
Lowest bid unit price	87.91	93.66	92.97

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

ACS LIFEPATH 2028-2030

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.8798
Distribution payable 28.2.2021	1.8798
Distribution paid 29.2.2020	2.0992

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES - 98.55%; 31.12.19 98.41%								
Equity Funds - 58.60%; 31.12.19 60.53%								
925,281	BlackRock ACS Continental European Equity Tracker Fund	1,132	0.18	JPY 9,479,725	Japanese yen vs UK sterling^	67	-	0.00
485,128	BlackRock ACS Japan Equity Tracker Fund	633	0.10	GBP 7,906,405	UK sterling vs Australian dollar	(8,124)	(217)	(0.04)
10,660,377	BlackRock ACS UK Equity Tracker Fund	10,559	1.73	GBP 9,836,872	UK sterling vs Canadian dollar	(9,793)	43	0.01
2,977,758	BlackRock ACS US Equity Tracker Fund	4,729	0.77	GBP 2,494,030	UK sterling vs Danish krone	(2,502)	(8)	0.00
86,856,575	BlackRock ACS World ESG Equity Tracker Fund	102,304	16.73	GBP 50,378,581	UK sterling vs Euro	(50,523)	(144)	(0.02)
91,902,586	BlackRock ACS World Ex UK Equity Tracker Fund	135,913	22.22	GBP 2,739,835	UK sterling vs Hong Kong dollar	(2,682)	58	0.01
6,035,780	iShares Diversified Commodity Swap UCITS ETF	21,578	3.53	GBP 514,114	UK sterling vs Israel shekel	(517)	(3)	0.00
7,197,684	iShares Emerging Markets Equity Index Fund (UK)	13,143	2.15	GBP 37,082,922	UK sterling vs Japanese yen	(36,692)	391	0.06
582,475	iShares Emerging Markets Index Fund (IE)	18,667	3.05	GBP 2,619,042	UK sterling vs Korean won	(2,610)	9	0.00
8,112,993	iShares Global Property Securities Equity Index Fund (UK)	15,504	2.54	GBP 229,393	UK sterling vs New Zealand dollar	(231)	(2)	0.00
7,173,810	iShares MSCI World Small Cap UCITS ETF	33,751	5.52	GBP 830,190	UK Sterling vs Norwegian krone	(845)	(14)	0.00
207,242	iShares Pacific ex Japan Equity Index Fund (UK)	460	0.08	GBP 156,763	UK sterling vs Polish zloty	(155)	2	0.00
		358,373	58.60	GBP 1,025,973	UK sterling vs Singapore dollar	(1,018)	8	0.00
Fixed Income Funds - 39.95%; 31.12.19 37.88%				GBP 3,455,633	UK sterling vs Swedish krona	(3,536)	(80)	(0.01)
15,399,735	iShares Corporate Bond Index Fund (UK)	25,317	4.14	GBP 7,768,770	UK sterling vs Swiss franc	(7,799)	(31)	0.00
88,063	iShares Emerging Markets Government Bond Index Fund (LU)	9,602	1.57	GBP 227,208,542	UK sterling vs United States dollar	(222,410)	4,798	0.78
25,651,800	iShares Index Linked Gilt Index Fund (UK)	48,841	7.99	USD 691,893	United States dollar vs UK sterling	507	(8)	0.00
13,567,843	iShares Overseas Corporate Bond Index Fund (UK)	22,441	3.67			(348,783)	4,802	0.79
49,013,828	iShares Overseas Government Bond Index Fund (UK)	67,786	11.08	Portfolio of investments				
48,571,433	iShares UK Gilts All Stocks Index Fund (UK)	70,332	11.50	Net other assets				
		244,319	39.95	Total net assets				
				611,566 100.00				
Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets				
DERIVATIVES - 0.79%; 31.12.19 0.87%								
Forward Currency Contracts - 0.79%; 31.12.19 0.87%								
EUR 88,606	Euro vs UK sterling^	80	-	0.00				

All underlying funds are managed by a related party.
The counterparties for the forward currency contracts are disclosed in note 2(b)(i).

^ Investments which are less than £500 are rounded to zero.

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	37,126	55,191
Revenue	4	9,079	8,812
Expenses	5	(66)	18
Interest payable and similar charges		–	–
Net revenue before taxation		9,013	8,830
Taxation	6	–	–
Net revenue after taxation		9,013	8,830
Total return before distributions		46,139	64,021
Distributions	7	(9,013)	(8,830)
Change in net assets attributable to unitholders from investment activities		37,126	55,191

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	512,670	349,622
Amounts receivable on issue of units	99,885	128,549
Amounts payable on cancellation of units	(47,785)	(30,496)
	52,100	98,053
Change in net assets attributable to unitholders from investment activities	37,126	55,191
Retained distribution on accumulation units	9,670	9,804
Closing net assets attributable to unitholders	611,566	512,670

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		608,001	509,115
Current assets			
– Debtors	8	5,432	6,058
– Cash and bank balances		750	180
Total assets		614,183	515,353
Liabilities:			
Investment liabilities		(507)	(176)
Creditors			
– Other creditors	9	(2,110)	(2,507)
Total liabilities		(2,617)	(2,683)
Net assets attributable to unitholders		611,566	512,670

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	35,500	47,089
Forward currency contracts	646	3,276
Currency gains	973	4,901
Custodian transaction costs	7	(75)
Net capital gains	37,126	55,191

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	1	5
Equity distributions on CIS holdings	968	1,105
Interest distributions on CIS holdings	3,025	2,375
Overseas dividends	3,673	3,786
Rebate from underlying CIS holdings	133	112
Securities lending revenue	16	27
UK dividends	1,146	1,284
UK REIT dividends	20	29
US REIT dividends	97	89
Total revenue	9,079	8,812

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	53	(74)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	–	1
– Safe custody fees	(34)	17
– Dividend charges [*]	34	25
Total expenses	66	(18)

[#] The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.^{*} This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

NOTES TO FINANCIAL STATEMENTS (continued)

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	9,670	9,804
	9,670	9,804
Add: Amounts deducted on cancellation of units	459	373
Deduct: Amounts received on issue of units	(1,116)	(1,347)
Distributions	9,013	8,830

Details of the final distribution per unit are set out in the table on page 78.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	–	124
Accrued rebate from underlying CIS holdings	165	151
Accrued revenue	4,685	5,405
Amount receivable on issue of units	582	378
Total debtors	5,432	6,058

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	4	3
Accrued Safe custody fees	1	9
Amount payable for cancellation of units	355	271
Currency deals awaiting settlement	–	10
Custodian transaction costs	11	32
Purchases awaiting settlement	1,732	2,175
Total other creditors	2,110	2,507

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	83%
17%		

As at 31 December 2019:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	77%
23%		

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.12% (31 December 2019: 0.11%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	467,031,107
Issued during the year	91,350,905
Cancelled during the year	(43,942,795)
Balance at the end of the year	514,439,217

14. Subsequent Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805822.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	110.25	93.61	100.00
Return before operating charges	9.25	16.66	(6.38)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.23	16.64	(6.39)
Distributions	(1.91)	(2.14)	(1.07)
Retained distributions on accumulation units	1.91	2.14	1.07
Closing net asset value per unit	119.48	110.25	93.61
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.37%	17.78%	(6.39)%
Other Information			
Closing net asset value (£000's)	866,115	656,677	395,536
Closing number of units	724,875,945	595,601,529	422,526,230
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	119.50	111.30	102.20
Lowest bid unit price	86.59	93.20	92.51

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

ACS LIFEPATH 2031-2033

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.9065
Distribution payable 28.2.2021	1.9065
Distribution paid 29.2.2020	2.1352

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value		Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value		Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets	
COLLECTIVE INVESTMENT SCHEMES - 98.36%; 31.12.19 98.30%											
Equity Funds - 64.45%; 31.12.19 66.09%											
3,376,168	BlackRock ACS Continental European Equity Tracker Fund		4,130	0.48	GBP 11,601,323	UK sterling vs Australian dollar		(11,920)	(319)	(0.04)	
1,790,062	BlackRock ACS Japan Equity Tracker Fund		2,337	0.27	GBP 14,140,307	UK sterling vs Canadian dollar		(14,077)	63	0.01	
16,651,818	BlackRock ACS UK Equity Tracker Fund		16,496	1.90	GBP 3,799,468	UK sterling vs Danish krone		(3,812)	(12)	0.00	
10,992,073	BlackRock ACS US Equity Tracker Fund		17,456	2.02	GBP 69,569,313	UK sterling vs Euro		(69,760)	(191)	(0.02)	
147,508,998	BlackRock ACS World ESG Equity Tracker Fund		173,746	20.06	GBP 4,170,473	UK sterling vs Hong Kong dollar		(4,082)	88	0.01	
124,269,045	BlackRock ACS World Ex UK Equity Tracker Fund		183,774	21.22	GBP 766,039	UK sterling vs Israel shekel		(771)	(5)	0.00	
7,682,562	iShares Diversified Commodity Swap UCITS ETF		27,465	3.17	GBP 52,503,517	UK sterling vs Japanese yen		(51,948)	555	0.06	
13,588,003	iShares Emerging Markets Equity Index Fund (UK)		24,812	2.86	GBP 3,744,206	UK sterling vs Korean won		(3,732)	13	0.00	
911,218	iShares Emerging Markets Index Fund (IE)		29,203	3.37	GBP 423,343	UK sterling vs New Zealand dollar		(427)	(4)	0.00	
12,934,076	iShares Global Property Securities Equity Index Fund (UK)		24,717	2.85	GBP 1,296,865	UK Sterling vs Norwegian krone		(1,319)	(22)	0.00	
11,133,110	iShares MSCI World Small Cap UCITS ETF		52,378	6.05	GBP 157,751	UK sterling vs Polish zloty		(156)	2	0.00	
766,004	iShares Pacific ex Japan Equity Index Fund (UK)		1,699	0.20	GBP 1,555,943	UK sterling vs Singapore dollar		(1,544)	12	0.00	
			558,213	64.45							
Fixed Income Funds - 33.91%; 31.12.19 32.21%											
18,201,275	iShares Corporate Bond Index Fund (UK)		29,923	3.45	GBP 5,267,670	UK sterling vs Swedish krona		(5,389)	(122)	(0.01)	
103,687	iShares Emerging Markets Government Bond Index Fund (LU)		11,305	1.31	GBP 11,995,284	UK sterling vs Swiss franc		(12,042)	(47)	(0.01)	
31,895,266	iShares Index Linked Gilt Index Fund (UK)		60,729	7.01	GBP 334,801,293	UK sterling vs United States dollar		(327,733)	7,069	0.82	
16,202,005	iShares Overseas Corporate Bond Index Fund (UK)		26,798	3.09	USD 559,345	United States dollar vs UK sterling		410	(6)	0.00	
58,589,214	iShares Overseas Government Bond Index Fund (UK)		81,029	9.36							
57,939,132	iShares UK Gilts All Stocks Index Fund (UK)		83,896	9.69							
			293,680	33.91				(508,198)	7,074	0.82	
					Portfolio of investments					858,967	99.18
					Net other assets					7,148	0.82
					Total net assets					866,115	100.00
					All underlying funds are managed by a related party.						
					The counterparties for the forward currency contracts are disclosed in note 2(b)(i).						
					^ Investments which are less than £500 are rounded to zero.						
DERIVATIVES - 0.82%; 31.12.19 0.89%											
Forward Currency Contracts - 0.82%; 31.12.19 0.89%											
EUR 115,327	Euro vs UK sterling^		104	-	0.00						

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	54,375	69,904
Revenue	4	12,360	10,810
Expenses	5	(87)	–
Interest payable and similar charges		–	–
Net revenue before taxation		12,273	10,810
Taxation	6	–	–
Net revenue after taxation		12,273	10,810
Total return before distributions		66,648	80,714
Distributions	7	(12,273)	(10,810)
Change in net assets attributable to unitholders from investment activities		54,375	69,904

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	656,677	395,536
Amounts receivable on issue of units	153,908	196,894
Amounts payable on cancellation of units	(12,665)	(18,374)
	141,243	178,520
Change in net assets attributable to unitholders from investment activities	54,375	69,904
Retained distribution on accumulation units	13,820	12,717
Closing net assets attributable to unitholders	866,115	656,677

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		859,695	651,592
Current assets			
– Debtors	8	9,061	9,154
– Cash and bank balances		335	230
Total assets		869,091	660,976
Liabilities:			
Investment liabilities		(728)	(230)
Creditors			
– Other creditors	9	(2,248)	(4,069)
Total liabilities		(2,976)	(4,299)
Net assets attributable to unitholders		866,115	656,677

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	50,877	58,976
Forward currency contracts	2,499	5,377
Currency gains	992	5,626
Custodian transaction costs	7	(75)
Net capital gains	54,375	69,904

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	3	6
Equity distributions on CIS holdings	1,628	1,478
Interest distributions on CIS holdings	3,220	2,382
Overseas dividends	5,432	4,938
Rebate from underlying CIS holdings	188	141
Securities lending revenue	24	36
UK dividends	1,690	1,676
UK REIT dividends	30	37
US REIT dividends	145	116
Total revenue	12,360	10,810

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	52	(65)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	–	1
– Safe custody fees	(32)	17
– Dividend charges [*]	54	34
Total expenses	87	–

[#] The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.^{*} This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

NOTES TO FINANCIAL STATEMENTS (continued)

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	13,820	12,717
	13,820	12,717
Add: Amounts deducted on cancellation of units	103	246
Deduct: Amounts received on issue of units	(1,650)	(2,153)
Distributions	12,273	10,810

Details of the final distribution per unit are set out in the table on page 88.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	–	120
Accrued rebate from underlying CIS holdings	230	187
Accrued revenue	7,301	7,539
Amount receivable on issue of units	1,530	1,018
Sales awaiting settlement	–	290
Total debtors	9,061	9,154

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	4	3
Accrued Safe custody fees	2	9
Amount payable for cancellation of units	–	602
Currency deals awaiting settlement	–	12
Custodian transaction costs	11	31
Purchases awaiting settlement	2,224	3,405
Total other creditors	2,248	4,069

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	79%
21%		

As at 31 December 2019:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	84%
16%		

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.12% (31 December 2019: 0.10%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	595,601,529
Issued during the year	141,108,192
Cancelled during the year	(11,833,776)
Balance at the end of the year	724,875,945

14. Subsequent Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805823.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	110.70	93.18	100.00
Return before operating charges	9.24	17.54	(6.81)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.22	17.52	(6.82)
Distributions	(1.97)	(2.21)	(1.12)
Retained distributions on accumulation units	1.97	2.21	1.12
Closing net asset value per unit	119.92	110.70	93.18
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.33%	18.80%	(6.82)%
Other Information			
Closing net asset value (£000's)	643,309	508,396	321,929
Closing number of units	536,468,013	459,275,551	345,491,678
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	119.90	111.80	102.30
Lowest bid unit price	85.15	92.72	92.02

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.9678
Distribution payable 28.2.2021	1.9678
Distribution paid 29.2.2020	2.2112

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES - 98.32%; 31.12.19 98.16%								
Equity Funds - 70.25%; 31.12.19 72.05%								
2,890,673	BlackRock ACS Continental European Equity Tracker Fund	3,536	0.55	JPY 13,887,240	Japanese yen vs UK sterling^	99	-	0.00
1,533,911	BlackRock ACS Japan Equity Tracker Fund	2,003	0.31	GBP 9,175,610	UK sterling vs Australian dollar	(9,427)	(252)	(0.04)
13,460,426	BlackRock ACS UK Equity Tracker Fund	13,334	2.07	GBP 11,030,535	UK sterling vs Canadian dollar	(10,981)	49	0.01
9,419,298	BlackRock ACS US Equity Tracker Fund	14,959	2.32	GBP 3,018,934	UK sterling vs Danish krone	(3,029)	(10)	0.00
110,098,764	BlackRock ACS World ESG Equity Tracker Fund	129,684	20.16	GBP 50,758,255	UK sterling vs Euro	(50,900)	(142)	(0.02)
107,709,488	BlackRock ACS World Ex UK Equity Tracker Fund	159,289	24.76	GBP 3,422,271	UK sterling vs Hong Kong dollar	(3,350)	73	0.01
4,851,822	iShares Diversified Commodity Swap UCITS ETF	17,345	2.70	GBP 630,486	UK sterling vs Israel shekel	(634)	(4)	0.00
9,730,767	iShares Emerging Markets Equity Index Fund (UK)	17,769	2.76	GBP 39,503,830	UK sterling vs Japanese yen	(39,087)	417	0.07
896,791	iShares Emerging Markets Index Fund (IE)	28,740	4.47	GBP 3,242,144	UK sterling vs Korean won	(3,231)	11	0.00
10,913,567	iShares Global Property Securities Equity Index Fund (UK)	20,856	3.24	GBP 356,210	UK sterling vs New Zealand dollar	(359)	(3)	0.00
9,131,728	iShares MSCI World Small Cap UCITS ETF	42,962	6.68	GBP 1,051,186	UK Sterling vs Norwegian krone	(1,069)	(18)	0.00
656,465	iShares Pacific ex Japan Equity Index Fund (UK)	1,456	0.23	GBP 134,830	UK sterling vs Polish zloty	(133)	2	0.00
		451,933	70.25					
Fixed Income Funds - 28.07%; 31.12.19 26.11%								
11,005,514	iShares Corporate Bond Index Fund (UK)	18,093	2.81	GBP 1,279,495	UK sterling vs Singapore dollar	(1,270)	10	0.00
63,881	iShares Emerging Markets Government Bond Index Fund (LU)	6,965	1.08	GBP 4,291,599	UK sterling vs Swedish krona	(4,391)	(99)	(0.02)
20,314,481	iShares Index Linked Gilt Index Fund (UK)	38,679	6.01	GBP 9,794,047	UK sterling vs Swiss franc	(9,833)	(39)	(0.01)
9,821,918	iShares Overseas Corporate Bond Index Fund (UK)	16,246	2.53	GBP 258,870,152	UK sterling vs United States dollar	(253,401)	5,470	0.85
35,665,241	iShares Overseas Government Bond Index Fund (UK)	49,325	7.67	USD 624,109	United States dollar vs UK sterling	457	(7)	0.00
35,383,468	iShares UK Gilts All Stocks Index Fund (UK)	51,235	7.97					
		180,543	28.07			(390,426)	5,457	0.85
Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets				
					Portfolio of investments		637,933	99.17
					Net other assets		5,376	0.83
					Total net assets		643,309	100.00
DERIVATIVES - 0.85%; 31.12.19 0.92%								
Forward Currency Contracts - 0.85%; 31.12.19 0.92%								
EUR 125,257	Euro vs UK sterling	113	(1)	0.00				

All underlying funds are managed by a related party. The counterparties for the forward currency contracts are disclosed in note 2(b)(i).

^ Investments which are less than £500 are rounded to zero.

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	40,864	59,147
Revenue	4	9,662	8,897
Expenses	5	(74)	3
Interest payable and similar charges		–	–
Net revenue before taxation		9,588	8,900
Taxation	6	–	–
Net revenue after taxation		9,588	8,900
Total return before distributions		50,452	68,047
Distributions	7	(9,588)	(8,900)
Change in net assets attributable to unitholders from investment activities		40,864	59,147

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	508,396	321,929
Amounts receivable on issue of units	91,927	127,266
Amounts payable on cancellation of units	(8,435)	(10,102)
	83,492	117,164
Change in net assets attributable to unitholders from investment activities	40,864	59,147
Retained distribution on accumulation units	10,557	10,156
Closing net assets attributable to unitholders	643,309	508,396

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		638,508	503,923
Current assets			
– Debtors	8	6,653	7,039
– Cash and bank balances		257	178
Total assets		645,418	511,140
Liabilities:			
Investment liabilities		(575)	(194)
Creditors			
– Other creditors	9	(1,534)	(2,550)
Total liabilities		(2,109)	(2,744)
Net assets attributable to unitholders		643,309	508,396

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	38,369	50,150
Forward currency contracts	1,557	4,513
Currency gains	930	4,549
Custodian transaction costs	8	(65)
Net capital gains	40,864	59,147

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	1	5
Equity distributions on CIS holdings	1,190	1,315
Interest distributions on CIS holdings	2,257	1,632
Overseas dividends	4,499	4,232
Rebate from underlying CIS holdings	148	117
Securities lending revenue	20	31
UK dividends	1,403	1,433
UK REIT dividends	24	32
US REIT dividends	120	100
Total revenue	9,662	8,897

NOTES TO FINANCIAL STATEMENTS (continued)

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	47	(63)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	–	1
– Safe custody fees	(29)	17
– Dividend charges [*]	43	29
Total expenses	74	(3)

[#] The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

^{*} This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	10,557	10,156
	10,557	10,156
Add: Amounts deducted on cancellation of units	81	146
Deduct: Amounts received on issue of units	(1,050)	(1,402)
Distributions	9,588	8,900

Details of the final distribution per unit are set out in the table on page 98.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	1	115
Accrued rebate from underlying CIS holdings	182	159
Accrued revenue	5,906	6,438
Amount receivable on issue of units	564	327
Total debtors	6,653	7,039

NOTES TO FINANCIAL STATEMENTS (continued)

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	3	3
Accrued Safe custody fees	1	9
Currency deals awaiting settlement	–	9
Custodian transaction costs	11	28
Purchases awaiting settlement	1,512	2,494
Total other creditors	1,534	2,550

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

NOTES TO FINANCIAL STATEMENTS (continued)**11. Related Parties (continued)**

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

Total % of units held by Affiliated Funds	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Nil	1	100%

As at 31 December 2019:

Total % of units held by Affiliated Funds	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Nil	1	100%

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.11% (31 December 2019: 0.10%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

NOTES TO FINANCIAL STATEMENTS (continued)

13. Units in Issue (continued)

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	459,275,551
Issued during the year	84,811,519
Cancelled during the year	(7,619,057)
Balance at the end of the year	536,468,013

14. Subsequent Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805824.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	111.19	92.74	100.00
Return before operating charges	9.37	18.47	(7.25)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.35	18.45	(7.26)
Distributions	(2.00)	(2.26)	(1.17)
Retained distributions on accumulation units	2.00	2.26	1.17
Closing net asset value per unit	120.54	111.19	92.74
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.41%	19.89%	(7.26)%
Other Information			
Closing net asset value (£000's)	848,426	610,077	366,216
Closing number of units	703,881,929	548,672,561	394,891,912
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	120.60	112.30	102.70
Lowest bid unit price	83.69	92.23	91.50

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.9999
Distribution payable 28.2.2021	1.9999
Distribution paid 29.2.2020	2.2636

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets	
COLLECTIVE INVESTMENT SCHEMES - 98.49%; 31.12.19 97.94%									
Equity Funds - 76.38%; 31.12.19 77.62%									
5,522,402	BlackRock ACS Continental European Equity Tracker Fund	6,755	0.79	GBP 14,915,994	UK sterling vs Canadian dollar	(14,849)	67	0.01	
2,911,369	BlackRock ACS Japan Equity Tracker Fund	3,802	0.45	GBP 4,284,618	UK sterling vs Danish krone	(4,298)	(14)	0.00	
19,174,963	BlackRock ACS UK Equity Tracker Fund	18,995	2.24	GBP 65,142,186	UK sterling vs Euro	(65,320)	(178)	(0.02)	
17,718,800	BlackRock ACS US Equity Tracker Fund	28,139	3.32	GBP 4,756,799	UK sterling vs Hong Kong dollar	(4,656)	101	0.01	
188,764,965	BlackRock ACS World ESG Equity Tracker Fund	222,342	26.21	GBP 855,948	UK sterling vs Israel shekel	(861)	(5)	0.00	
123,696,625	BlackRock ACS World Ex UK Equity Tracker Fund	182,927	21.56	GBP 51,594,231	UK sterling vs Japanese yen	(51,050)	544	0.06	
5,348,418	iShares Diversified Commodity Swap UCITS ETF	19,121	2.25	GBP 3,912,982	UK sterling vs Korean won	(3,900)	13	0.00	
16,155,219	iShares Emerging Markets Equity Index Fund (UK)	29,499	3.48	GBP 406,201	UK sterling vs New Zealand dollar	(410)	(3)	0.00	
1,343,955	iShares Emerging Markets Index Fund (IE)	43,071	5.08	GBP 1,513,880	UK Sterling vs Norwegian krone	(1,540)	(26)	0.00	
15,861,071	iShares Global Property Securities Equity Index Fund (UK)	30,311	3.57	GBP 159,986	UK sterling vs Polish zloty	(158)	2	0.00	
12,815,733	iShares MSCI World Small Cap UCITS ETF	60,294	7.11	GBP 1,760,911	UK sterling vs Singapore dollar	(1,748)	13	0.00	
1,235,121	iShares Pacific ex Japan Equity Index Fund (UK)	2,739	0.32	GBP 5,938,832	UK sterling vs Swedish krona	(6,076)	(137)	(0.02)	
		647,995	76.38	GBP 13,818,723	UK sterling vs Swiss franc	(13,873)	(54)	(0.01)	
Fixed Income Funds - 22.11%; 31.12.19 20.32%				GBP 352,353,538	UK sterling vs United States dollar	(344,918)	7,435	0.88	
11,212,331	iShares Corporate Bond Index Fund (UK)	18,433	2.17			(526,424)	7,417	0.87	
64,542	iShares Emerging Markets Government Bond Index Fund (LU)	7,038	0.83	Portfolio of investments					
22,402,375	iShares Index Linked Gilt Index Fund (UK)	42,654	5.03	843,008					
10,086,304	iShares Overseas Corporate Bond Index Fund (UK)	16,683	1.97	99.36					
36,624,632	iShares Overseas Government Bond Index Fund (UK)	50,652	5.97	Net other assets					
36,005,706	iShares UK Gilts All Stocks Index Fund (UK)	52,136	6.14	5,418					
		187,596	22.11	Total net assets					
				848,426					
				100.00					
				All underlying funds are managed by a related party.					
				The counterparties for the forward currency contracts are disclosed in note 2(b)(i).					
Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets					
DERIVATIVES - 0.87%; 31.12.19 0.94%									
Forward Currency Contracts - 0.87%; 31.12.19 0.94%									
GBP 12,426,643	UK sterling vs Australian dollar	(12,767)	(341)	(0.04)					

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	55,983	72,833
Revenue	4	12,359	10,584
Expenses	5	(98)	(5)
Interest payable and similar charges		–	–
Net revenue before taxation		12,261	10,579
Taxation	6	–	–
Net revenue after taxation		12,261	10,579
Total return before distributions		68,244	83,412
Distributions	7	(12,261)	(10,579)
Change in net assets attributable to unitholders from investment activities		55,983	72,833

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	610,077	366,216
Amounts receivable on issue of units	174,039	168,667
Amounts payable on cancellation of units	(5,750)	(10,059)
	168,289	158,608
Change in net assets attributable to unitholders from investment activities	55,983	72,833
Retained distribution on accumulation units	14,077	12,420
Closing net assets attributable to unitholders	848,426	610,077

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		843,766	603,491
Current assets			
– Debtors	8	11,300	9,579
– Cash and bank balances		806	214
Total assets		855,872	613,284
Liabilities:			
Investment liabilities		(758)	(243)
Creditors			
– Other creditors	9	(6,688)	(2,964)
Total liabilities		(7,446)	(3,207)
Net assets attributable to unitholders		848,426	610,077

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	51,636	61,950
Forward currency contracts	3,421	5,875
Currency gains	923	5,080
Custodian transaction costs	3	(72)
Net capital gains	55,983	72,833

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	2	6
Equity distributions on CIS holdings	1,591	1,693
Interest distributions on CIS holdings	2,263	1,477
Overseas dividends	6,150	5,273
Rebate from underlying CIS holdings	192	141
Securities lending revenue	27	38
UK dividends	1,935	1,792
UK REIT dividends	34	40
US REIT dividends	165	124
Total revenue	12,359	10,584

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	52	(65)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	–	1
– Safe custody fees	(33)	17
– Dividend charges [*]	66	39
Total expenses	98	5

[#] The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.^{*} This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

NOTES TO FINANCIAL STATEMENTS (continued)

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	14,077	12,420
	14,077	12,420
Add: Amounts deducted on cancellation of units	51	122
Deduct: Amounts received on issue of units	(1,867)	(1,963)
Distributions	12,261	10,579

Details of the final distribution per unit are set out in the table on page 109.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	1	123
Accrued rebate from underlying CIS holdings	234	190
Accrued revenue	8,430	8,081
Amount receivable on issue of units	2,635	1,185
Total debtors	11,300	9,579

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	4	3
Accrued Safe custody fees	2	9
Amount payable for cancellation of units	–	125
Currency deals awaiting settlement	–	11
Custodian transaction costs	12	31
Purchases awaiting settlement	6,663	2,778
Total other creditors	6,688	2,964

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	72%
28%		

As at 31 December 2019:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	80%
20%		

NOTES TO FINANCIAL STATEMENTS (continued)**11. Related Parties (continued)**

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.11% (31 December 2019: 0.09%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	548,672,561
Issued during the year	160,519,250
Cancelled during the year	(5,309,883)
Balance at the end of the year	703,881,929

14. Subsequent Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805825.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	111.61	92.30	100.00
Return before operating charges	9.24	19.33	(7.69)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.22	19.31	(7.70)
Distributions	(2.07)	(2.35)	(1.20)
Retained distributions on accumulation units	2.07	2.35	1.20
Closing net asset value per unit	120.83	111.61	92.30
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.26%	20.92%	(7.70)%
Other Information			
Closing net asset value (£000's)	517,142	414,088	264,241
Closing number of units	427,988,090	371,001,390	286,271,612
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	120.90	112.70	102.90
Lowest bid unit price	81.82	91.75	91.00

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

ACS LIFEPATH 2040-2042

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.0670
Distribution payable 28.2.2021	2.0670
Distribution paid 29.2.2020	2.3464

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES - 98.37%; 31.12.19 97.95%								
Equity Funds - 82.11%; 31.12.19 83.54%								
3,318,967	BlackRock ACS Continental European Equity Tracker Fund	4,060	0.78	GBP 8,062,378	UK sterling vs Australian dollar	(8,283)	(221)	(0.04)
1,759,716	BlackRock ACS Japan Equity Tracker Fund	2,298	0.44	GBP 9,586,173	UK sterling vs Canadian dollar	(9,543)	43	0.01
12,633,097	BlackRock ACS UK Equity Tracker Fund	12,513	2.42	GBP 2,759,508	UK sterling vs Danish krone	(2,768)	(9)	0.00
10,806,788	BlackRock ACS US Equity Tracker Fund	17,163	3.32	GBP 39,005,453	UK sterling vs Euro	(39,111)	(106)	(0.02)
111,913,786	BlackRock ACS World ESG Equity Tracker Fund	131,824	25.49	GBP 3,175,641	UK sterling vs Hong Kong dollar	(3,108)	67	0.01
92,058,631	BlackRock ACS World Ex UK Equity Tracker Fund	136,143	26.33	GBP 578,782	UK sterling vs Israel shekel	(582)	(4)	0.00
2,491,437	iShares Diversified Commodity Swap UCITS ETF	8,907	1.72	GBP 32,007,314	UK sterling vs Japanese yen	(31,667)	340	0.07
10,201,161	iShares Emerging Markets Equity Index Fund (UK)	18,627	3.60	GBP 2,848,042	UK sterling vs Korean won	(2,839)	10	0.00
972,289	iShares Emerging Markets Index Fund (IE)	31,160	6.03	GBP 279,510	UK sterling vs New Zealand dollar	(282)	(2)	0.00
10,544,223	iShares Global Property Securities Equity Index Fund (UK)	20,150	3.90	GBP 991,542	UK Sterling vs Norwegian krone	(1,009)	(17)	0.00
8,525,542	iShares MSCI World Small Cap UCITS ETF	40,110	7.76	GBP 116,587	UK sterling vs Polish zloty	(115)	1	0.00
752,943	iShares Pacific ex Japan Equity Index Fund (UK)	1,670	0.32	GBP 1,181,830	UK sterling vs Singapore dollar	(1,173)	9	0.00
		424,625	82.11					
Fixed Income Funds - 16.26%; 31.12.19 14.41%								
4,997,703	iShares Corporate Bond Index Fund (UK)	8,216	1.59	GBP 3,937,722	UK sterling vs Swedish krona	(4,029)	(91)	(0.02)
28,378	iShares Emerging Markets Government Bond Index Fund (LU)	3,094	0.60	GBP 9,134,719	UK sterling vs Swiss franc	(9,171)	(36)	(0.01)
10,515,761	iShares Index Linked Gilt Index Fund (UK)	20,022	3.87	GBP 223,560,197	UK sterling vs United States dollar	(218,833)	4,728	0.91
4,424,301	iShares Overseas Corporate Bond Index Fund (UK)	7,318	1.41			(332,461)	4,712	0.91
16,153,542	iShares Overseas Government Bond Index Fund (UK)	22,340	4.32	Portfolio of investments			513,446	99.28
15,965,868	iShares UK Gilts All Stocks Index Fund (UK)	23,119	4.47	Net other assets			3,696	0.72
		84,109	16.26	Total net assets			517,142	100.00
				All underlying funds are managed by a related party.				
				The counterparties for the forward currency contracts are disclosed in note 2(b)(i).				
				^ Investments which are less than £500 are rounded to zero.				
Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets				
DERIVATIVES - 0.91%; 31.12.19 0.97%								
Forward Currency Contracts - 0.91%; 31.12.19 0.97%								
EUR 57,282	Euro vs UK sterling^	52	-	0.00				

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	33,047	54,033
Revenue	4	8,227	7,693
Expenses	5	(75)	14
Interest payable and similar charges		–	–
Net revenue before taxation		8,152	7,707
Taxation	6	–	–
Net revenue after taxation		8,152	7,707
Total return before distributions		41,199	61,740
Distributions	7	(8,152)	(7,707)
Change in net assets attributable to unitholders from investment activities		33,047	54,033

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	414,088	264,241
Amounts receivable on issue of units	65,333	93,932
Amounts payable on cancellation of units	(4,173)	(6,823)
	61,160	87,109
Change in net assets attributable to unitholders from investment activities	33,047	54,033
Retained distribution on accumulation units	8,847	8,705
Closing net assets attributable to unitholders	517,142	414,088

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		513,932	409,794
Current assets			
– Debtors	8	6,601	7,233
– Cash and bank balances		253	145
Total assets		520,786	417,172
Liabilities:			
Investment liabilities		(486)	(177)
Creditors			
– Other creditors	9	(3,158)	(2,907)
Total liabilities		(3,644)	(3,084)
Net assets attributable to unitholders		517,142	414,088

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	31,120	46,323
Forward currency contracts	955	4,113
Currency gains	962	3,668
Custodian transaction costs	10	(71)
Net capital gains	33,047	54,033

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	1	5
Equity distributions on CIS holdings	1,133	1,321
Interest distributions on CIS holdings	1,184	817
Overseas dividends	4,277	3,953
Rebate from underlying CIS holdings	128	103
Securities lending revenue	19	28
UK dividends	1,346	1,344
UK REIT dividends	24	30
US REIT dividends	115	92
Total revenue	8,227	7,693

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	49	(74)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	–	1
– Safe custody fees	(31)	17
– Dividend charges*	44	29
Total expenses	75	(14)

[#] The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

* This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

NOTES TO FINANCIAL STATEMENTS (continued)

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	8,847	8,705
	8,847	8,705
Add: Amounts deducted on cancellation of units	33	91
Deduct: Amounts received on issue of units	(728)	(1,089)
Distributions	8,152	7,707

Details of the final distribution per unit are set out in the table on page 119.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	1	124
Accrued rebate from underlying CIS holdings	158	142
Accrued revenue	5,545	5,972
Amount receivable on issue of units	897	995
Total debtors	6,601	7,233

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	4	3
Accrued Safe custody fees	1	9
Currency deals awaiting settlement	–	7
Custodian transaction costs	11	31
Purchases awaiting settlement	3,135	2,850
Total other creditors	3,158	2,907

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds		
Nil	1	100%

As at 31 December 2019:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds		
Nil	1	100%

NOTES TO FINANCIAL STATEMENTS (continued)**11. Related Parties (continued)**

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.10% (31 December 2019: 0.09%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	371,001,390
Issued during the year	60,903,826
Cancelled during the year	(3,917,126)
Balance at the end of the year	427,988,090

14. Subsequent Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805826.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	112.00	91.90	100.00
Return before operating charges	9.22	20.12	(8.09)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.20	20.10	(8.10)
Distributions	(2.11)	(2.39)	(1.18)
Retained distributions on accumulation units	2.11	2.39	1.18
Closing net asset value per unit	121.20	112.00	91.90
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.21%	21.87%	(8.10)%
Other Information			
Closing net asset value (£000's)	665,657	482,395	280,561
Closing number of units	549,218,023	430,697,893	305,304,640
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	121.30	113.20	103.10
Lowest bid unit price	80.03	91.29	90.52

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

ACS LIFEPAATH 2043-2045

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.1081
Distribution payable 28.2.2021	2.1081
Distribution paid 29.2.2020	2.3880

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES - 98.59%; 31.12.19 97.86%								
Equity Funds - 88.42%; 31.12.19 89.37%								
5,625,828	BlackRock ACS Continental European Equity Tracker Fund	6,882	1.03	GBP 12,558,457	UK sterling vs Canadian dollar	(12,503)	56	0.01
2,966,915	BlackRock ACS Japan Equity Tracker Fund	3,874	0.58	GBP 3,776,431	UK sterling vs Danish krone	(3,789)	(12)	0.00
17,353,694	BlackRock ACS UK Equity Tracker Fund	17,190	2.58	GBP 48,841,777	UK sterling vs Euro	(48,974)	(132)	(0.02)
18,050,873	BlackRock ACS US Equity Tracker Fund	28,666	4.31	GBP 4,253,843	UK sterling vs Hong Kong dollar	(4,163)	90	0.01
175,039,919	BlackRock ACS World ESG Equity Tracker Fund	206,172	30.97	GBP 765,291	UK sterling vs Israel shekel	(770)	(5)	0.00
106,818,986	BlackRock ACS World Ex UK Equity Tracker Fund	157,975	23.73	GBP 40,779,134	UK sterling vs Japanese yen	(40,350)	429	0.06
2,241,268	iShares Diversified Commodity Swap UCITS ETF	8,013	1.20	GBP 3,345,830	UK sterling vs Korean won	(3,335)	11	0.00
16,793,992	iShares Emerging Markets Equity Index Fund (UK)	30,666	4.61	GBP 341,354	UK sterling vs New Zealand dollar	(344)	(3)	0.00
1,338,192	iShares Emerging Markets Index Fund (IE)	42,886	6.44	GBP 1,380,533	UK Sterling vs Norwegian krone	(1,404)	(24)	0.00
14,853,715	iShares Global Property Securities Equity Index Fund (UK)	28,385	4.27	GBP 135,764	UK sterling vs Polish zloty	(134)	2	0.00
11,708,832	iShares MSCI World Small Cap UCITS ETF	55,087	8.28	GBP 1,577,981	UK sterling vs Singapore dollar	(1,566)	12	0.00
1,258,293	iShares Pacific ex Japan Equity Index Fund (UK)	2,791	0.42	GBP 5,272,812	UK sterling vs Swedish krona	(5,395)	(122)	(0.02)
		588,587	88.42	GBP 12,400,631	UK sterling vs Swiss franc	(12,450)	(50)	(0.01)
Fixed Income Funds - 10.17%; 31.12.19 8.49%				GBP 297,421,468	UK sterling vs United States dollar	(291,162)	6,260	0.94
3,888,456	iShares Corporate Bond Index Fund (UK)	6,393	0.96			(437,227)	6,221	0.93
21,824	iShares Emerging Markets Government Bond Index Fund (LU)	2,379	0.36	Portfolio of investments				
9,443,992	iShares Index Linked Gilt Index Fund (UK)	17,981	2.70	Net other assets				
3,375,953	iShares Overseas Corporate Bond Index Fund (UK)	5,584	0.84	Total net assets				
12,586,028	iShares Overseas Government Bond Index Fund (UK)	17,406	2.62	662,480				
12,381,717	iShares UK Gilts All Stocks Index Fund (UK)	17,929	2.69	99.52				
		67,672	10.17	3,177				
				100.00				
DERIVATIVES - 0.93%; 31.12.19 1.00%								
Forward Currency Contracts - 0.93%; 31.12.19 1.00%								
GBP 10,596,784	UK sterling vs Australian dollar	(10,888)	(0.04)	All underlying funds are managed by a related party.				
				The counterparties for the forward currency contracts are disclosed in note 2(b)(i).				

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	44,632	62,829
Revenue	4	10,327	8,762
Expenses	5	(93)	18
Interest payable and similar charges		–	–
Net revenue before taxation		10,234	8,780
Taxation	6	–	–
Net revenue after taxation		10,234	8,780
Total return before distributions		54,866	71,609
Distributions	7	(10,234)	(8,780)
Change in net assets attributable to unitholders from investment activities		44,632	62,829

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	482,395	280,561
Amounts receivable on issue of units	131,013	133,024
Amounts payable on cancellation of units	(3,961)	(4,304)
	127,052	128,720
Change in net assets attributable to unitholders from investment activities	44,632	62,829
Retained distribution on accumulation units	11,578	10,285
Closing net assets attributable to unitholders	665,657	482,395

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		663,119	477,089
Current assets			
– Debtors	8	10,003	8,431
– Cash and bank balances		272	192
Total assets		673,394	485,712
Liabilities:			
Investment liabilities		(639)	(216)
Creditors			
– Other creditors	9	(7,098)	(3,101)
Total liabilities		(7,737)	(3,317)
Net assets attributable to unitholders		665,657	482,395

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	41,244	53,655
Forward currency contracts	2,490	6,539
Currency gains	891	2,722
Custodian transaction costs	7	(87)
Net capital gains	44,632	62,829

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	2	5
Equity distributions on CIS holdings	1,479	1,568
Interest distributions on CIS holdings	1,053	599
Overseas dividends	5,632	4,690
Rebate from underlying CIS holdings	162	119
Securities lending revenue	25	33
UK dividends	1,790	1,602
UK REIT dividends	32	36
US REIT dividends	152	110
Total revenue	10,327	8,762

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	53	(85)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	–	1
– Safe custody fees	(36)	17
– Dividend charges*	63	36
Total expenses	93	(18)

[#] The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

* This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

NOTES TO FINANCIAL STATEMENTS (continued)

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	11,578	10,285
	11,578	10,285
Add: Amounts deducted on cancellation of units	34	55
Deduct: Amounts received on issue of units	(1,378)	(1,560)
Distributions	10,234	8,780

Details of the final distribution per unit are set out in the table on page 129.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	2	140
Accrued rebate from underlying CIS holdings	198	162
Accrued revenue	7,642	7,283
Amount receivable on issue of units	2,161	846
Total debtors	10,003	8,431

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	3	3
Accrued Safe custody fees	1	8
Currency deals awaiting settlement	–	8
Custodian transaction costs	13	39
Purchases awaiting settlement	7,074	3,036
Total other creditors	7,098	3,101

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	70%
30%		

As at 31 December 2019:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	78%
22%		

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.10% (31 December 2019: 0.08%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	430,697,893
Issued during the year	122,207,051
Cancelled during the year	(3,686,921)
Balance at the end of the year	549,218,023

14. Subsequent Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805827.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	112.33	91.54	100.00
Return before operating charges	9.22	20.81	(8.45)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.20	20.79	(8.46)
Distributions	(2.17)	(2.46)	(1.28)
Retained distributions on accumulation units	2.17	2.46	1.28
Closing net asset value per unit	121.53	112.33	91.54
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.19%	22.71%	(8.46)%
Other Information			
Closing net asset value (£000's)	397,482	311,383	192,645
Closing number of units	327,072,385	277,200,131	210,439,835
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	121.70	113.50	103.30
Lowest bid unit price	78.71	90.88	90.12

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.1652
Distribution payable 28.2.2021	2.1652
Distribution paid 29.2.2020	2.4550

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value		Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value		Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES - 98.55%; 31.12.19 97.75%										
Equity Funds - 93.12%; 31.12.19 93.54%										
3,952,915	BlackRock ACS Continental European Equity Tracker Fund		4,835	1.22	JPY 5,500,423	Japanese yen vs UK sterling^		39	-	0.00
2,095,867	BlackRock ACS Japan Equity Tracker Fund		2,737	0.69	GBP 6,616,810	UK sterling vs Australian dollar	(6,799)	(182)	(0.05)	
10,938,883	BlackRock ACS UK Equity Tracker Fund		10,836	2.73	GBP 7,703,904	UK sterling vs Canadian dollar	(7,670)	34	0.01	
12,870,759	BlackRock ACS US Equity Tracker Fund		20,441	5.14	GBP 2,358,540	UK sterling vs Danish krone	(2,366)	(8)	0.00	
103,731,236	BlackRock ACS World ESG Equity Tracker		122,181	30.74	GBP 28,946,412	UK sterling vs Euro	(29,027)	(81)	(0.02)	
70,152,245	BlackRock ACS World Ex UK Equity Tracker Fund		103,750	26.10	GBP 2,701,612	UK sterling vs Hong Kong dollar	(2,644)	57	0.01	
748,656	iShares Diversified Commodity Swap UCITS ETF		2,676	0.67	GBP 486,039	UK sterling vs Israel shekel	(489)	(3)	0.00	
10,862,677	iShares Emerging Markets Equity Index Fund (UK)		19,835	4.99	GBP 24,784,873	UK sterling vs Japanese yen	(24,523)	262	0.07	
863,268	iShares Emerging Markets Index Fund (IE)		27,666	6.96	GBP 2,243,932	UK sterling vs Korean won	(2,236)	8	0.00	
9,495,884	iShares Global Property Securities Equity Index Fund (UK)		18,147	4.57	GBP 226,471	UK sterling vs New Zealand dollar	(228)	(2)	0.00	
7,445,397	iShares MSCI World Small Cap UCITS ETF		35,028	8.81	GBP 871,871	UK Sterling vs Norwegian krone	(887)	(15)	0.00	
896,745	iShares Pacific ex Japan Equity Index Fund (UK)		1,989	0.50	GBP 90,917	UK sterling vs Polish zloty	(90)	1	0.00	
			370,121	93.12						
Fixed Income Funds - 5.43%; 31.12.19 4.21%										
1,200,653	iShares Corporate Bond Index Fund (UK)		1,974	0.50	GBP 1,006,706	UK sterling vs Singapore dollar	(999)	8	0.00	
7,019	iShares Emerging Markets Government Bond Index Fund (LU)		765	0.19	GBP 3,354,513	UK sterling vs Swedish krona	(3,432)	(78)	(0.02)	
3,199,266	iShares Index Linked Gilt Index Fund (UK)		6,091	1.53	GBP 7,872,695	UK sterling vs Swiss franc	(7,905)	(32)	(0.01)	
1,074,138	iShares Overseas Corporate Bond Index Fund (UK)		1,777	0.45	GBP 183,335,121	UK sterling vs United States dollar	(179,468)	3,867	0.97	
3,867,711	iShares Overseas Government Bond Index Fund (UK)		5,349	1.34	USD 150,633	United States dollar vs UK sterling	110	(1)	0.00	
3,898,853	iShares UK Gilts All Stocks Index Fund (UK)		5,646	1.42						
			21,602	5.43				(268,552)	3,835	0.96
Holding or Nominal Value		Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets	Portfolio of investments			395,558	99.51
						Net other assets			1,924	0.49
						Total net assets			397,482	100.00
DERIVATIVES - 0.96%; 31.12.19 1.03%										
Forward Currency Contracts - 0.96%; 31.12.19 1.03%										
EUR 69,298	Euro vs UK sterling^		62	-	0.00					

All underlying funds are managed by a related party.
The counterparties for the forward currency contracts are disclosed in note 2(b)(i).

^ Investments which are less than £500 are rounded to zero.

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	26,335	43,485
Revenue	4	6,586	5,971
Expenses	5	(70)	27
Interest payable and similar charges		–	–
Net revenue before taxation		6,516	5,998
Taxation	6	–	–
Net revenue after taxation		6,516	5,998
Total return before distributions		32,851	49,483
Distributions	7	(6,516)	(5,998)
Change in net assets attributable to unitholders from investment activities		26,335	43,485

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	311,383	192,645
Amounts receivable on issue of units	54,180	70,178
Amounts payable on cancellation of units	(1,498)	(1,730)
	52,682	68,448
Change in net assets attributable to unitholders from investment activities	26,335	43,485
Retained distribution on accumulation units	7,082	6,805
Closing net assets attributable to unitholders	397,482	311,383

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		395,960	307,731
Current assets			
– Debtors	8	6,006	5,593
– Cash and bank balances		135	109
Total assets		402,101	313,433
Liabilities:			
Investment liabilities		(402)	(145)
Creditors			
– Other creditors	9	(4,217)	(1,905)
Total liabilities		(4,619)	(2,050)
Net assets attributable to unitholders		397,482	311,383

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	24,673	37,398
Forward currency contracts	913	3,536
Currency gains	740	2,625
Custodian transaction costs	9	(74)
Net capital gains	26,335	43,485

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	1	4
Equity distributions on CIS holdings	983	1,236
Interest distributions on CIS holdings	511	160
Overseas dividends	3,679	3,253
Rebate from underlying CIS holdings	103	81
Securities lending revenue	16	23
UK dividends	1,173	1,113
UK REIT dividends	21	25
US REIT dividends	99	76
Total revenue	6,586	5,971

NOTES TO FINANCIAL STATEMENTS (continued)

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate#	48	(82)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Safe custody fees	(31)	17
– Dividend charges*	40	25
Total expenses	70	(27)

The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

* This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	7,082	6,805
	7,082	6,805
Add: Amounts deducted on cancellation of units	16	21
Deduct: Amounts received on issue of units	(582)	(828)
Distributions	6,516	5,998

Details of the final distribution per unit are set out in the table on page 139.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	1	122
Accrued rebate from underlying CIS holdings	126	114
Accrued revenue	4,801	4,973
Amount receivable on issue of units	1,078	384
Total debtors	6,006	5,593

NOTES TO FINANCIAL STATEMENTS (continued)

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depository's fee	3	3
Accrued Safe custody fees	1	8
Amount payable for cancellation of units	–	30
Currency deals awaiting settlement	–	6
Custodian transaction costs	12	31
Purchases awaiting settlement	4,194	1,820
Total other creditors	4,217	1,905

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depository in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

NOTES TO FINANCIAL STATEMENTS (continued)**11. Related Parties (continued)**

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

Total % of units held by Affiliated Funds	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Nil	1	100%

As at 31 December 2019:

Total % of units held by Affiliated Funds	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Nil	1	100%

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.09% (31 December 2019: 0.08%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

NOTES TO FINANCIAL STATEMENTS (continued)

13. Units in Issue (continued)

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	277,200,131
Issued during the year	51,236,686
Cancelled during the year	(1,364,432)
Balance at the end of the year	327,072,385

14. Subsequent Events

As at balance sheet date, the published price per Class X1 Accumulation unit was 121.70p. The published price per Class X1 Accumulation unit for the Fund on 18 February 2021 was 128.10p. This represents an increase of 5.26% from the year end value.

Other than the above, there have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805828.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	112.61	91.32	100.00
Return before operating charges	9.26	21.31	(8.67)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.24	21.29	(8.68)
Distributions	(2.19)	(2.49)	(1.30)
Retained distributions on accumulation units	2.19	2.49	1.30
Closing net asset value per unit	121.85	112.61	91.32
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.21%	23.31%	(8.68)%
Other Information			
Closing net asset value (£000's)	457,873	318,992	177,000
Closing number of units	375,782,900	283,261,652	193,815,990
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	122.00	113.80	103.40
Lowest bid unit price	77.90	90.63	89.85

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

ACS LIFEPAATH 2049-2051

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.1861
Distribution payable 28.2.2021	2.1861
Distribution paid 29.2.2020	2.4900

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets	
COLLECTIVE INVESTMENT SCHEMES - 98.50%; 31.12.19 97.73%									
Equity Funds - 96.40%; 31.12.19 96.35%									
4,292,585	BlackRock ACS Continental European Equity Tracker Fund	5,251	1.15	GBP 9,103,806	UK sterling vs Canadian dollar	(9,064)	40	0.01	
2,262,364	BlackRock ACS Japan Equity Tracker Fund	2,954	0.65	GBP 2,793,407	UK sterling vs Danish krone	(2,803)	(9)	0.00	
13,032,650	BlackRock ACS UK Equity Tracker Fund	12,909	2.82	GBP 32,837,484	UK sterling vs Euro	(32,928)	(91)	(0.02)	
13,773,411	BlackRock ACS US Equity Tracker Fund	21,873	4.78	GBP 3,194,490	UK sterling vs Hong Kong dollar	(3,127)	68	0.01	
126,653,964	BlackRock ACS World ESG Equity Tracker Fund	149,179	32.58	GBP 572,882	UK sterling vs Israel shekel	(576)	(4)	0.00	
84,177,082	BlackRock ACS World Ex UK Equity Tracker Fund	124,490	27.19	GBP 28,429,639	UK sterling vs Japanese yen	(28,129)	300	0.07	
402,519	iShares Diversified Commodity Swap UCITS ETF	1,439	0.31	GBP 2,570,934	UK sterling vs Korean won	(2,561)	9	0.00	
14,937,005	iShares Emerging Markets Equity Index Fund (UK)	27,275	5.96	GBP 277,340	UK sterling vs New Zealand dollar	(280)	(2)	0.00	
957,853	iShares Emerging Markets Index Fund (IE)	30,697	6.70	GBP 1,041,162	UK Sterling vs Norwegian krone	(1,059)	(18)	0.00	
11,363,925	iShares Global Property Securities Equity Index Fund (UK)	21,717	4.74	GBP 89,283	UK sterling vs Polish zloty	(88)	1	0.00	
8,820,484	iShares MSCI World Small Cap UCITS ETF	41,498	9.06	GBP 1,182,523	UK sterling vs Singapore dollar	(1,173)	9	0.00	
960,012	iShares Pacific ex Japan Equity Index Fund (UK)	2,129	0.46	GBP 3,921,383	UK sterling vs Swedish krona	(4,013)	(91)	(0.02)	
		441,411	96.40	GBP 9,287,913	UK sterling vs Swiss franc	(9,326)	(38)	(0.01)	
Fixed Income Funds - 2.10%; 31.12.19 1.38%				GBP 215,400,684	UK sterling vs United States dollar	(210,866)	4,535	0.99	
497,436	iShares Corporate Bond Index Fund (UK)	818	0.18			(313,964)	4,496	0.98	
2,743	iShares Emerging Markets Government Bond Index Fund (LU)	299	0.06	Portfolio of investments					
1,722,703	iShares Index Linked Gilt Index Fund (UK)	3,280	0.72	Net other assets					
435,045	iShares Overseas Corporate Bond Index Fund (UK)	720	0.16	Total net assets					
1,590,636	iShares Overseas Government Bond Index Fund (UK)	2,200	0.48	455,504 99.48					
1,574,788	iShares UK Gilts All Stocks Index Fund (UK)	2,280	0.50	2,369 0.52					
		9,597	2.10	457,873 100.00					
				All underlying funds are managed by a related party.					
				The counterparties for the forward currency contracts are disclosed in note 2(b)(i).					
Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets					
DERIVATIVES - 0.98%; 31.12.19 1.03%									
Forward Currency Contracts - 0.98%; 31.12.19 1.03%									
GBP 7,757,540	UK sterling vs Australian dollar	(7,971)	(213)	(0.05)					

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	32,411	42,903
Revenue	4	7,249	5,842
Expenses	5	(78)	57
Interest payable and similar charges		–	–
Net revenue before taxation		7,171	5,899
Taxation	6	–	–
Net revenue after taxation		7,171	5,899
Total return before distributions		39,582	48,802
Distributions	7	(7,171)	(5,899)
Change in net assets attributable to unitholders from investment activities		32,411	42,903

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	318,992	177,000
Amounts receivable on issue of units	99,251	93,327
Amounts payable on cancellation of units	(996)	(1,291)
	98,255	92,036
Change in net assets attributable to unitholders from investment activities	32,411	42,903
Retained distribution on accumulation units	8,215	7,053
Closing net assets attributable to unitholders	457,873	318,992

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		455,970	315,198
Current assets			
– Debtors	8	7,306	6,283
– Cash and bank balances		213	112
Total assets		463,489	321,593
Liabilities:			
Investment liabilities		(466)	(151)
Creditors			
– Other creditors	9	(5,150)	(2,450)
Total liabilities		(5,616)	(2,601)
Net assets attributable to unitholders		457,873	318,992

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	29,581	36,554
Forward currency contracts	2,292	4,077
Currency gains	529	2,375
Custodian transaction costs	9	(103)
Net capital gains	32,411	42,903

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	1	4
Equity distributions on CIS holdings	1,089	1,127
Interest distributions on CIS holdings	419	156
Overseas dividends	4,148	3,239
Rebate from underlying CIS holdings	114	80
Securities lending revenue	18	22
UK dividends	1,324	1,113
UK REIT dividends	24	25
US REIT dividends	112	76
Total revenue	7,249	5,842

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	56	(112)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	–	1
– Safe custody fees	(39)	16
– Dividend charges [*]	48	25
Total expenses	78	(57)

[#] The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.^{*} This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

NOTES TO FINANCIAL STATEMENTS (continued)

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	8,215	7,053
	8,215	7,053
Add: Amounts deducted on cancellation of units	11	14
Deduct: Amounts received on issue of units	(1,055)	(1,168)
Distributions	7,171	5,899

Details of the final distribution per unit are set out in the table on page 150.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	2	168
Accrued rebate from underlying CIS holdings	138	110
Accrued revenue	5,749	5,117
Amount receivable on issue of units	1,417	888
Total debtors	7,306	6,283

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	3	3
Accrued Safe custody fees	1	8
Currency deals awaiting settlement	–	8
Custodian transaction costs	15	47
Purchases awaiting settlement	5,124	2,377
Total other creditors	5,150	2,450

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	72%
28%		

As at 31 December 2019:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	79%
21%		

NOTES TO FINANCIAL STATEMENTS (continued)**11. Related Parties (continued)**

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.09% (31 December 2019: 0.08%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	283,261,652
Issued during the year	93,470,232
Cancelled during the year	(948,984)
Balance at the end of the year	375,782,900

14. Subsequent Events

As at balance sheet date, the published price per Class X1 Accumulation unit was 122.00p. The published price per Class X1 Accumulation unit for the Fund on 18 February 2021 was 128.90p. This represents an increase of 5.66% from the year end value.

Other than the above, there have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805829.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 25.5.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	112.74	91.21	100.00
Return before operating charges	9.22	21.55	(8.78)
Operating charges	(0.02)	(0.02)	(0.01)
Return after operating charges	9.20	21.53	(8.79)
Distributions	(2.22)	(2.53)	(1.32)
Retained distributions on accumulation units	2.22	2.53	1.32
Closing net asset value per unit	121.94	112.74	91.21
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.16%	23.60%	(8.79)%
Other Information			
Closing net asset value (£000's)	251,968	185,522	111,337
Closing number of units	206,626,813	164,553,511	122,065,056
Operating charges ²	0.02%	0.02%	0.02%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	122.10	113.90	103.50
Lowest bid unit price	77.44	90.50	89.73

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 12 for further details.

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.2194
Distribution payable 28.2.2021	2.2194
Distribution paid 29.2.2020	2.5299

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets	Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES - 98.46%; 31.12.19 97.66%								
Equity Funds - 98.07%; 31.12.19 97.66%								
2,592,572	BlackRock ACS Continental European Equity Tracker Fund	3,171	1.26	GBP 5,055,612	UK sterling vs Canadian dollar	(5,033)	22	0.01
1,366,586	BlackRock ACS Japan Equity Tracker Fund	1,784	0.71	GBP 1,563,250	UK sterling vs Danish krone	(1,568)	(5)	0.00
7,373,353	BlackRock ACS UK Equity Tracker Fund	7,303	2.90	GBP 18,223,129	UK sterling vs Euro	(18,273)	(50)	(0.02)
8,318,719	BlackRock ACS US Equity Tracker Fund	13,211	5.24	GBP 1,795,463	UK sterling vs Hong Kong dollar	(1,757)	38	0.01
70,217,311	BlackRock ACS World ESG Equity Tracker Fund	82,707	32.82	GBP 322,032	UK sterling vs Israel shekel	(324)	(2)	0.00
46,837,524	BlackRock ACS World Ex UK Equity Tracker Fund	69,269	27.49	GBP 15,889,090	UK sterling vs Japanese yen	(15,722)	167	0.07
34,171	iShares Diversified Commodity Swap UCITS ETF	122	0.05	GBP 1,469,009	UK sterling vs Korean won	(1,463)	6	0.00
7,523,979	iShares Emerging Markets Equity Index Fund (UK)	13,739	5.45	GBP 169,677	UK sterling vs New Zealand dollar	(171)	(1)	0.00
587,147	iShares Emerging Markets Index Fund (IE)	18,817	7.47	GBP 584,492	UK Sterling vs Norwegian krone	(595)	(10)	0.00
6,403,805	iShares Global Property Securities Equity Index Fund (UK)	12,238	4.86	GBP 54,434	UK sterling vs Polish zloty	(54)	1	0.00
4,987,935	iShares MSCI World Small Cap UCITS ETF	23,467	9.31	GBP 665,365	UK sterling vs Singapore dollar	(660)	5	0.00
579,888	iShares Pacific ex Japan Equity Index Fund (UK)	1,286	0.51	GBP 2,212,381	UK sterling vs Swedish krona	(2,264)	(52)	(0.02)
		247,114	98.07	GBP 5,225,428	UK sterling vs Swiss franc	(5,247)	(21)	(0.01)
Fixed Income Funds - 0.39%; 31.12.19 0.00%				GBP 120,259,131	UK sterling vs United States dollar	(117,731)	2,528	1.00
69,837	iShares Corporate Bond Index Fund (UK)	115	0.05			(175,324)	2,507	0.99
406	iShares Emerging Markets Government Bond Index Fund (LU)	44	0.02	Portfolio of investments				
105,487	iShares Index Linked Gilt Index Fund (UK)	201	0.08	250,606				
53,318	iShares Overseas Corporate Bond Index Fund (UK)	88	0.03	99.45				
204,424	iShares Overseas Government Bond Index Fund (UK)	283	0.11	Net other assets				
175,652	iShares UK Gilts All Stocks Index Fund (UK)	254	0.10	1,362				
		985	0.39	Total net assets				
				251,968				
				100.00				
				All underlying funds are managed by a related party.				
				The counterparties for the forward currency contracts are disclosed in note 2(b)(i).				
Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets				
DERIVATIVES - 0.99%; 31.12.19 1.05%								
Forward Currency Contracts - 0.99%; 31.12.19 1.05%								
GBP 4,342,419	UK sterling vs Australian dollar	(4,462)	(119)	(0.05)				

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	17,456	26,358
Revenue	4	4,126	3,574
Expenses	5	(27)	46
Interest payable and similar charges		–	–
Net revenue before taxation		4,099	3,620
Taxation	6	–	–
Net revenue after taxation		4,099	3,620
Total return before distributions		21,555	29,978
Distributions	7	(4,099)	(3,620)
Change in net assets attributable to unitholders from investment activities		17,456	26,358

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	185,522	111,337
Amounts receivable on issue of units	45,140	44,958
Amounts payable on cancellation of units	(736)	(1,294)
	44,404	43,664
Change in net assets attributable to unitholders from investment activities	17,456	26,358
Retained distribution on accumulation units	4,586	4,163
Closing net assets attributable to unitholders	251,968	185,522

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		250,866	183,219
Current assets			
– Debtors	8	4,103	3,695
– Cash and bank balances		131	65
Total assets		255,100	186,979
Liabilities:			
Investment liabilities		(260)	(89)
Creditors			
– Other creditors	9	(2,872)	(1,368)
Total liabilities		(3,132)	(1,457)
Net assets attributable to unitholders		251,968	185,522

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	16,098	22,632
Forward currency contracts	988	2,313
Currency gains	373	1,485
Custodian transaction costs	(3)	(72)
Net capital gains	17,456	26,358

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	1	2
Equity distributions on CIS holdings	631	708
Interest distributions on CIS holdings	212	73
Overseas dividends	2,371	1,984
Rebate from underlying CIS holdings	64	49
Securities lending revenue	10	14
UK dividends	760	682
UK REIT dividends	13	15
US REIT dividends	64	47
Total revenue	4,126	3,574

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to/Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	17	(85)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	–	1
– Safe custody fees	(30)	10
– Dividend charges [*]	27	15
Total expenses	27	(46)

[#] The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.^{*} This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

NOTES TO FINANCIAL STATEMENTS (continued)

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	4,586	4,163
	4,586	4,163
Add: Amounts deducted on cancellation of units	6	15
Deduct: Amounts received on issue of units	(493)	(558)
Distributions	4,099	3,620

Details of the final distribution per unit are set out in the table on page 160.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Manager's charge rebates	23	129
Accrued rebate from underlying CIS holdings	78	68
Accrued revenue	3,223	3,063
Amount receivable on issue of units	779	435
Total debtors	4,103	3,695

9. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depository's fee	4	3
Accrued Safe custody fees	–	5
Amount payable for cancellation of units	19	–
Currency deals awaiting settlement	–	5
Custodian transaction costs	12	31
Purchases awaiting settlement	2,830	1,317
Total other creditors	2,872	1,368

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

11. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO FINANCIAL STATEMENTS (continued)**11. Related Parties (continued)**

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 9. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	100%
Nil		

As at 31 December 2019:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds	1	100%
Nil		

NOTES TO FINANCIAL STATEMENTS (continued)**11. Related Parties (continued)**

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

12. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.09% (31 December 2019: 0.07%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	164,553,511
Issued during the year	42,742,005
Cancelled during the year	(668,703)
Balance at the end of the year	206,626,813

14. Subsequent Events

As at balance sheet date, the published price per Class X1 Accumulation unit was 122.10p. The published price per Class X1 Accumulation unit for the Fund on 18 February 2021 was 129.20p. This represents an increase of 5.81% from the year end value.

Other than the above, there have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

BLACKROCK PENSION GROWTH FUND

About the Fund

The Fund is a sub-fund of BlackRock Authorised Contractual Scheme 2, a Co-Ownership Scheme constituted as a non-UCITS retail scheme and an AIF. The Fund was authorised by the FCA on 5 April 2018. The Fund's FCA product reference number is 805830.

BLACKROCK PENSION GROWTH FUND

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2020	For the year to 31.12.2019	For the period from 27.4.2018 [^] to 31.12.2018
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	114.68	96.46	100.00
Return before operating charges	10.26	18.23	(3.53)
Operating charges	(0.02)	(0.01)	(0.01)
Return after operating charges	10.24	18.22	(3.54)
Distributions	(2.43)	(2.56)	(1.47)
Retained distributions on accumulation units	2.43	2.56	1.47
Closing net asset value per unit	124.92	114.68	96.46
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.93%	18.89%	(3.54)%
Other Information			
Closing net asset value (£000's)	8,540,856	8,028,369	6,993,032
Closing number of units	6,836,937,135	7,000,874,199	7,249,955,049
Operating charges ²	0.02%	0.01%	0.01%
Direct transaction costs ³	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	125.40	115.80	105.70
Lowest bid unit price	90.94	96.11	95.04

[^] The date of commencement of operations.

¹ The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Summary and Investment Manager's Report which are based on bid-to-bid dealing prices (the price at which units are sold).

² 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).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of debt instruments. See note 13 for further details.

BLACKROCK PENSION GROWTH FUND

DISTRIBUTION TABLE

for the year ended 31 December 2020

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.4301
Distribution payable 28.2.2021	2.4301
Distribution paid 29.2.2020	2.5566

BLACKROCK PENSION GROWTH FUND

PORTFOLIO STATEMENT

at 31 December 2020

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES - 97.37%; 31.12.19 97.14%			
Equity Funds - 70.14%; 31.12.19 68.29%			
322,075,125	BlackRock ACS Japan Equity Tracker Fund	377,831	4.42
1,626,924,116	BlackRock ACS US Equity Tracker Fund	2,423,605	28.38
601,146,676	iShares 100 UK Equity Index Fund (UK)	957,026	11.20
284,960,319	iShares Continental European Equity Index Fund (UK)	694,448	8.13
270,390,014	iShares Emerging Markets Equity Index Fund (UK)	493,732	5.78
128,126,280	iShares Mid Cap UK Equity Index Fund (UK)	294,819	3.45
144,346,664	iShares North American Equity Index Fund (UK)	535,526	6.27
96,497,062	iShares Pacific ex Japan Equity Index Fund (UK)	214,031	2.51
		5,991,018	70.14

Fixed Income Funds - 27.23%; 31.12.19 28.85%			
145,912,999	BlackRock Corporate Bond 1-10 Year Fund	229,229	2.68
152,534,205	iShares Corporate Bond Index Fund (UK)	274,562	3.22
4,099,485	iShares Emerging Markets Government Bond Index Fund (LU)	446,985	5.23
424,943,099	iShares Overseas Corporate Bond Index Fund (UK)	702,856	8.23
375,896,078	iShares Overseas Government Bond Index Fund (UK)	519,864	6.09
104,904,938	iShares UK Gilts All Stocks Index Fund (UK)	151,902	1.78
		2,325,398	27.23

Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
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DERIVATIVES - 1.47%; 31.12.19 1.30%

Forward Currency Contracts - 1.47%; 31.12.19 1.30%

EUR 844,882,822	Euro vs UK sterling	759,884	(1,693)	(0.02)
GBP 1,451,996,334	UK sterling vs Euro	(1,437,859)	14,138	0.17
GBP 3,733,043,399	UK sterling vs United States dollar	(3,616,391)	116,652	1.37
USD 796,674,692	United States dollar vs UK sterling	583,692	(3,825)	(0.05)
		(3,710,674)	125,272	1.47

Portfolio of investments **8,441,688** **98.84**

Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
CASH EQUIVALENTS				
Short-term Money Market Funds - 0.53%; 31.12.19 0.91%				
454,394	BlackRock ICS Sterling Liquid Environmentally Aware Fund		45,446	0.53
67,260	BlackRock ICS Sterling Liquidity Fund		67	0.00
			45,513	0.53
Net other assets			53,655	0.63
Total net assets			8,540,856	100.00

All underlying funds are managed by a related party.
The counterparties for the forward currency contracts are disclosed in note 2(b)(i).

BLACKROCK PENSION GROWTH FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Income			
Net capital gains	3	531,603	1,125,985
Revenue	4	168,563	183,374
Expenses	5	(228)	(252)
Interest payable and similar charges		–	–
Net revenue before taxation		168,335	183,122
Taxation	6	–	–
Net revenue after taxation		168,335	183,122
Total return before distributions		699,938	1,309,107
Distributions	7	(168,334)	(183,122)
Change in net assets attributable to unitholders from investment activities		531,604	1,125,985

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Opening net assets attributable to unitholders	8,028,369	6,993,032
Amounts receivable on issue of units	158,746	199,340
Amounts payable on cancellation of units	(344,007)	(468,972)
	(185,261)	(269,632)
Change in net assets attributable to unitholders from investment activities	531,604	1,125,985
Retained distribution on accumulation units	166,144	178,984
Closing net assets attributable to unitholders	8,540,856	8,028,369

BLACKROCK PENSION GROWTH FUND

BALANCE SHEET

at 31 December 2020

	Notes	31.12.2020 £000's	31.12.2019 £000's
Assets:			
Fixed assets			
– Investment assets		8,447,206	7,914,045
Current assets			
– Debtors	8	48,862	49,081
– Cash and bank balances		5,060	6,005
– Cash equivalents	9	45,513	72,743
Total assets		8,546,641	8,041,874
Liabilities:			
Investment liabilities		(5,518)	(10,965)
Creditors			
– Other creditors	10	(267)	(2,540)
Total liabilities		(5,785)	(13,505)
Net assets attributable to unitholders		8,540,856	8,028,369

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
24 February 2021

BLACKROCK PENSION GROWTH FUND

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 15 and 16.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 17 to 45.

3. Net Capital Gains

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
The net capital gains comprise:		
Gains on non-derivative securities	519,049	1,022,917
Forward currency contracts	12,534	101,041
Currency gains	4	2,060
Custodian transaction costs	16	(33)
Net capital gains	531,603	1,125,985

4. Revenue

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Interest from UK bank deposits	6	109
Equity distributions on CIS holdings	66,592	86,264
Interest distributions on CIS holdings	52,113	46,070
Overseas dividends	46,688	47,627
Rebate from underlying CIS holdings	528	497
Revenue from short-term money market funds	397	640
Securities lending revenue	134	171
UK dividends	212	196
US REIT dividends	1,893	1,800
Total revenue	168,563	183,374

5. Expenses

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	12	12
Other expenses:		
– Audit fee	7	7
– Safe custody fees	(21)	18
– Dividend charges*	230	215
Total expenses	228	252

* This charge relates to the Fund's proportionate share in expenses from tax transparent underlying CIS holdings.

BLACKROCK PENSION GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (continued)

6. Taxation

(a) Analysis of tax charge

As the Fund is an Authorised Contractual Scheme, it is exempt from United Kingdom (UK) tax on capital gains realised on the disposal of investments held within the Fund and any UK corporation tax.

7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the redemption of units and comprise:

	For the year to 31.12.2020 £000's	For the year to 31.12.2019 £000's
Final accumulation	166,144	178,984
	166,144	178,984
Add: Amounts deducted on cancellation of units	3,705	6,618
Deduct: Amounts received on issue of units	(1,515)	(2,480)
Distributions	168,334	183,122
The distributable amount has been calculated as follows:		
Net revenue after taxation	168,335	183,122
Add: Revenue brought forward	1	1
Deduct: Revenue carried forward	(2)	(1)
Distributions	168,334	183,122

Details of the final distribution per unit are set out in the table on page 170.

8. Debtors

	31.12.2020 £000's	31.12.2019 £000's
Accrued rebate from underlying CIS holdings	658	811
Accrued revenue	46,278	47,113
Amount receivable on issue of units	1,926	1,157
Total debtors	48,862	49,081

9. Cash Equivalents

	31.12.2020 £000's	31.12.2019 £000's
Investment in short-term money market funds	45,513	72,743
Total cash equivalents	45,513	72,743

10. Other Creditors

	31.12.2020 £000's	31.12.2019 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	7	6
Accrued Safe custody fees	1	8
Amount payable for cancellation of units	246	–
Custodian transaction costs	6	14
Purchases awaiting settlement	–	2,505
Total other creditors	267	2,540

BLACKROCK PENSION GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (continued)

11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2019: £Nil).

12. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following entities were related parties of the Fund during the year ended 31 December 2020:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 31 December 2020, PNC was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 31 December 2020 and 31 December 2019. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Depositary in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 10. Securities lending revenue earned by the Fund is disclosed in note 4.

The Investment Manager, in accordance with the Contractual Scheme Deed, may enter into commission sharing arrangements with related parties (including, without limitation, brokers who are affiliated to the BlackRock Group), which may result in the Fund benefiting from research or execution services which the Investment Manager believes are useful in the investment decision-making or trade execution process. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; and the provision of economic and financial information and analysis. Due to the bundled nature of these services and the application of such benefits across a number of BlackRock managed funds, it is not feasible to quantify the benefit to the Fund. The Investment Manager may also enter into these arrangements with brokers who are not affiliated to the BlackRock Group.

The following investor(s)

- (i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or
- (ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be a related party to the Fund.

As at 31 December 2020:

	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Total % of units held by Affiliated Funds		
Nil	1	100%

BLACKROCK PENSION GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (continued)

12. Related Parties (continued)

As at 31 December 2019:

Total % of units held by Affiliated Funds	Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds	Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds
Nil	1	100%

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

For the year ended 31 December 2020, the Fund does not have any in-specie transactions with its related parties (31 December 2019: £Nil).

13. Portfolio Transaction Costs

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales.

However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable.

Transaction costs for derivatives positions will be either incurred as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above. Dealing spread costs incurred by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the Balance Sheet date, the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.21% (31 December 2019: 0.19%).

14. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

The movement in units in issue for the year ended 31 December 2020 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	7,000,874,199
Issued during the year	144,807,380
Cancelled during the year	(308,744,444)
Balance at the end of the year	6,836,937,135

15. Subsequent Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2020.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

STATEMENT OF MANAGER'S RESPONSIBILITIES

The Manager is required by the terms of the Contractual Scheme Deed to prepare the financial statements for each financial year. These financial statements must be prepared in accordance with generally accepted accounting standards in the United Kingdom to give a true and fair view of the state of affairs of the Funds at the year end and of the net revenue and net gains for the year. In preparing these financial statements the Manager is required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the funds will continue in operation. For the reasons stated in note 1(a), the financial statements for ACS LifePath 2019-2021 have not been prepared on a going concern basis.

The financial statements should comply with the disclosure requirements of the Statement of Recommended Practice (the "SORP") for Authorised Funds issued by the Investment Management Association (subsequently The Investment Association) and must comply with any relevant provisions of the Contractual Scheme Deed.

The Manager is responsible for keeping such accounting records as are necessary to enable it to ensure that the financial statements comply with the Financial Conduct Authority's ("FCA") Collective Investment Schemes Sourcebook ("the Sourcebook"), Financial Conduct Authority's ("FCA") Investment Funds Sourcebook ("FUND"), the SORP and the Contractual Scheme Deed.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE DEPOSITARY TO THE UNITHOLDERS OF THE BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2 ("THE SCHEME") FOR THE YEAR ENDED 31 DECEMBER 2020

The Depositary must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, the Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (together "the Regulations") and the Contractual Scheme Deed and Prospectus (together the "Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Depositary must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Scheme are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects, the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's income in accordance with the Regulations and Scheme documents of the Scheme; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the scheme in accordance with the Regulations and Scheme documents of the Scheme.

Northern Trust Global Services SE UK Branch
UK Trustee and Depositary Services

London
24 February 2021

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2



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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

Opinion

We have audited the financial statements of BlackRock Authorised Contractual Scheme II (the "Scheme") for the year ended 31 December 2020, which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes, the Distribution Tables, the Financial Instruments and Risks Disclosures for each of the Scheme's sub-fund, and the accounting and distribution policies of the Scheme set out on pages 15-16, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Scheme comprising each of its sub-funds as at 31 December 2020 and of the net revenue and the net capital gains on the scheme property of the Scheme comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – ACS LifePath 2019-2021 Fund's (the "Fund") Financial Statements prepared on other than going concern basis

We draw attention to note 1(a) of the financial statements which explains that the Manager intends to close the Fund and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on other than going concern basis as described in note 1(a). Our opinion is not modified in respect of this matter.

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Conclusions relating to going concern

The financial statements for the ACS LifePath 2019–2021 Fund have been prepared on other than going concern basis as disclosed in Note 1(a).

In auditing the financial statements of the remaining sub-funds, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's (except for ACS LifePath 2019–2021 Fund) ability to continue as a going concern for a period assessed by the Manager, being the period to 24 February 2022, which is at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our audit report thereon. The Manager is responsible for the other information contained in the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our audit report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the “FCA”)

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Prospectus;
- adequate accounting records have been kept by the Scheme;
- the financial statements are in agreement with the accounting records; and
- the information given in the Manager’s report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, we require for our audit.

Responsibilities of the Manager

As explained more fully in the Manager’s responsibilities statement set out on page 178, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant are United Kingdom Accounting Standards (UK GAAP), including FRS 102, the IMA SORP, the FCA Collective Investment Schemes Sourcebook and the Prospectus.
- We understood how the Scheme is complying with those frameworks through discussions with the Manager, the Investment Manager and the Scheme's administrator and a review of the Scheme's documented policies and procedures.
- We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur through discussions with management and from our knowledge of the business.
- We also considered the risk of management override, specifically management's propensity to influence revenue recognised from underlying collective investment schemes including excess reportable income and amounts available for distribution. We tested that excess reportable income had been correctly recognised in the period, agreed the data inputs to available data sources; and recalculated for arithmetical accuracy.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Scheme.
- The Scheme operates in the wealth and asset management industry which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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Use of our report

This report is made solely to the Scheme's Unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Scheme's Unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor

London
24 February 2021

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BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

SUPPLEMENTARY INFORMATION

Additional disclosures are required when a Fund invests in Securities Financing Transactions (SFTs). However as none of the Funds invested in SFTs for the year ended 31 December 2020, no additional disclosures have been provided (31 December 2019: £Nil).

About Us

BlackRock is a premier provider of asset management, risk management, and advisory services to institutional, intermediary, and individual clients worldwide. As of 31 December 2020, the firm manages £6.34 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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