



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
- ACS Lifepath 2055-2057
- BlackRock Pension Growth Fund

For the year ended 31 December 2021

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

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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* S Corrigan (appointed 13 January 2021) W I Cullen* D Edgar B Harrison (appointed 29 April 2021)
R A R Hayes (resigned 13 January 2021) A M Lawrence H N Mepham M T Zemek*

* Non-executive Director.

Registrar, Transfer Agent and Administrator

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

Depositary

Northern Trust Investor Services Limited
50 Bank Street, Canary Wharf, London E14 5NT

Authorised and regulated by the FCA.

Investment Manager

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

Authorised and regulated by the FCA.

Auditor

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

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.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

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”) and 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 requires UK fund managers to complete an annual assessment of whether their UK authorised funds provide value for investors. Our assessment considers fund and unit class level performance, costs and charges, and service quality, concluding with an evaluation of whether investors receive value. BlackRock has fulfilled its obligations for the reporting requirement, including assessing relevant charges, and published the annual assessment of value statements on the BlackRock website on 29 October 2021 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 2021, 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 as 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, the UK Alternative Investment Fund Managers Regulations 2013, together with any other implementing measure which operated to transpose AIFMD into UK law before 31 January 2020, and the UK versions of Commission Delegated Regulation (EU) No 231/2013 and any other delegated regulations in respect of the AIFMD, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018.

FUND MANAGERS

As at 31 December 2021, the Fund Manager of the Funds, with the exception of the BlackRock Pension Growth Fund, are Steve Walker and Steven Dare. As at 31 December 2021, 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

R A R Hayes resigned as a Director effective 13 January 2021. S Corrigan was appointed as a Director effective 13 January 2021. B Harrison was appointed as a Director effective 29 April 2021.

Changes to the Scheme

Fund Name	Launch Date
ACS LifePath 2055-2057	28 June 2021

A new Prospectus was issued on 7 December 2021.

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SIGNIFICANT EVENTS (continued)

Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a USD 475 million credit facility available to the Funds. The USD 475 million credit facility will be allocated to the Funds based on the credit facility agreement dated 23 April 2021. This credit facility may be utilised by the Funds for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Funds.

The credit facility was not used during the year.

Change of Depositary

Effective 18 December 2021, the Manager has appointed Northern Trust Investor Services Limited, a company incorporated in England and Wales and authorised by the FCA to be a Depositary as the Depositary to the Scheme. Prior to 18 December 2021, Northern Trust Global Services SE, UK branch, a company incorporated in Luxembourg, was the Depositary.

Outbreak of COVID-19

The infectious respiratory illness caused by a novel coronavirus known as COVID-19 has had a profound impact on all aspects of society in recent years. 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 EVENT

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. The Board and the Manager continue to monitor investment performance in line with the Funds' investment objectives.

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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 on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) 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 ("CIS") (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 on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) with an asset allocation (i.e. mix of assets) 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 ("CIS") (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
ACS LifePath 2055-2057	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 2021.

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, which is freely available.

	Fund return %	Comparator benchmark return %
ACS LifePath 2019-2021 - Class X1 Accumulation Units	7.33%	N/A
ACS LifePath 2022-2024 - Class X1 Accumulation Units	8.75%	N/A
ACS LifePath 2025-2027 - Class X1 Accumulation Units	10.39%	N/A
ACS LifePath 2028-2030 - Class X1 Accumulation Units	11.97%	N/A
ACS LifePath 2031-2033 - Class X1 Accumulation Units	13.36%	N/A
ACS LifePath 2034-2036 - Class X1 Accumulation Units	14.81%	N/A
ACS LifePath 2037-2039 - Class X1 Accumulation Units	16.31%	N/A
ACS LifePath 2040-2042 - Class X1 Accumulation Units	17.72%	N/A
ACS LifePath 2043-2045 - Class X1 Accumulation Units	19.21%	N/A
ACS LifePath 2046-2048 - Class X1 Accumulation Units	20.33%	N/A
ACS LifePath 2049-2051 - Class X1 Accumulation Units	21.26%	N/A
ACS LifePath 2052-2054 - Class X1 Accumulation Units	21.63%	N/A
ACS LifePath 2055-2057 - Class X1 Accumulation Units	7.06%	N/A
BlackRock Pension Growth Fund - Class X1 Accumulation Units	13.62%	10.53%

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 the initial investment amount cannot be guaranteed. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

INVESTMENT MANAGER'S REPORT (continued)

Global Economic Overview

Global equities, as represented by the MSCI All Country World Index ("ACWI"), posted a return of 19.63% (in GBP terms) for the financial year ended 31 December 2021. A continued recovery in consumer spending and the development of COVID-19 vaccinations led to strong economic growth and solid gains for all equity classes during the financial year. However, the surge in spending on goods and imbalances between supply and demand drove significant global inflation (rate of increase in the prices of goods and services), and the spread of highly contagious COVID-19 variants intensified uncertainty surrounding the future course of the viral pandemic.

The financial year began as global growth slowed from the initial rebound following the easing of COVID-19 pandemic restrictions. The US, powered by a surge in consumer spending and increased international trade, grew at a brisk pace in the first half of 2021 before slowing in the third quarter. However, Japanese growth stalled, as a semiconductor shortage hindered production in its electronics and automobile industries. The UK economy contracted in the first quarter of 2021 before returning to growth in the second and third quarters amid an increase in COVID-19 vaccinations. The Eurozone briefly entered a mild recession in the first quarter of 2021 but grew modestly in the second and third quarters.

Emerging market economies were volatile, as higher commodity prices, continued COVID-19 outbreaks, and differing central bank policies led to significant variation in growth. The Chinese economy slowed amid regulatory shifts, concerns about the heavily indebted property sector and restrictions on industrial power usage. India's economy contracted sharply in the second quarter of 2021 before rebounding strongly in the third quarter as easing lockdowns led to higher consumer spending. The Mexican and Russian economies contracted in the third quarter of 2021 after posting growth in the first half of 2021.

As the global economy improved, the world's largest central banks began to implement various measures aimed at monetary tightening (increasing interest rates on loans and credit opportunities) in the face of rising inflation. The US Federal Reserve ("the Fed") kept interest rates near zero and maintained major bond-buying programmes to stabilise US Treasury and agency debt markets. However, the Fed began reducing asset purchases in late 2021, and indicated that a series of interest rate increases were likely in 2022.

The Bank of England raised interest rates for the first time since the onset of the pandemic, as inflation reached a ten-year high, while maintaining its bond-buying programme. Inflation pressure late in the reporting period also affected the Eurozone, and the European Central Bank ("ECB") began to slow the pace of its own bond-buying programme, although it maintained record-low interest rates.

Global equities rose throughout most of the financial year as stimulus measures, the continued reopening of economies around the world, and new treatments for COVID-19 raised hopes for a continued economic recovery. The implementation of COVID-19 vaccination programmes early in the period provided a strong boost to equities. However, the spread of the Delta and Omicron variants of COVID-19 and continued inflation pressure amid supply chain constraints and rising energy costs pressured equities late in the reporting period.

Global corporate bond performance was generally poor, as yields (which move inversely to prices) rose amid improving economic conditions. As inflation concerns increased, investors' expectations for future interest rate increases, which reduce the value of existing bonds, ramped up. High yield bonds performed better than investment grade bonds, as lower solvency concerns due to the improving economy provided tailwinds for higher-yielding corporate bonds. As a result, high yield corporate bonds posted a small advance, while investment-grade corporate bonds declined.

Yields on the 10 year US Treasury, a benchmark lending rate for the global bond market, were below one percent at the beginning of the reporting period, but an increase in investors' inflation expectations drove yields higher (and prices lower). Japanese government bond yields were relatively flat overall, while UK gilt yields and government bond yields from the Euro area ended higher.

INVESTMENT MANAGER'S REPORT (continued)

Global Economic Overview (continued)

Equities in emerging markets declined, particularly in the second half of the financial year. The emergence of the COVID-19 Delta and Omicron variants negatively impacted emerging market countries, some of which lagged other parts of the world in COVID-19 vaccinations. Central banks in many emerging markets, such as Brazil, Russia, and Mexico, raised interest rates in response to heightened inflation. In China, an abrupt regulatory shift, targeting companies in the technology, education, and gaming industries, impacted equities, accelerating their decline negatively. Emerging market bond prices declined, as the prospect of tighter monetary policy at the Fed reduced investor optimism.

In the commodities market, supply and demand shifts induced by the COVID-19 pandemic and subsequent recovery led to a notable rise in many commodity prices. Energy commodities, which had fallen sharply at the beginning of the COVID-19 pandemic, rebounded due to higher demand amid a rise in industrial output, and Brent crude oil, natural gas, and coal prices all rose. Strong demand for batteries to power electric vehicles drove lithium prices to all-time highs. Gold prices were down overall despite the rise in investors' inflation expectations, as the prospect of higher future interest rates weighed on gold.

On the foreign exchanges, the US dollar rose against most other global currencies, as investors anticipated monetary tightening by the Fed early in 2022. The relatively accommodative stances of the Bank of Japan and the ECB meant that the Japanese yen and the euro both declined relative to the US dollar, while the British pound sterling declined only slightly. The Chinese yuan was one of the few currencies that gained against the US dollar, supported by increasing exports and capital inflows.

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

ACS LifePath 2055-2057

Over the financial year to 31 December 2021, the ACS LifePath Funds generated positive returns (7.33%, 8.75%, 10.39%, 11.97%, 13.36%, 14.81%, 16.31%, 17.72%, 19.21%, 20.33%, 21.26%, 21.63%, 7.06% (reflects performance of the ACS LifePath 2055-2057 Fund since its inception, 28 June 2021)) for the 13 Funds respectively.

The ACS LifePath Funds utilise associated funds 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 – with the exception of the Emerging Markets (“EM”) equity exposure, contributed positively to the overall performance of the Funds in 2021. Over the same period, the real asset strategies experienced particularly strong returns. The fixed income exposures ended the year in negative territory, detracting from the performance of the Funds that held them.

INVESTMENT MANAGER'S REPORT (continued)

Fund Performance Review and Activity (continued)

A broad based rally in the first quarter of the year sustained equities, energy and high yield credit, given an accelerated economic restart supported by progress on the roll-out of COVID-19 vaccinations, continued fiscal support and accommodative monetary policy around the globe. More defensive assets such as sovereign bonds struggled amidst this optimistic backdrop. In the second quarter of 2021, reopening optimism and the accelerated vaccination roll-out continued to drive positive performance across most markets. Nevertheless, the optimistic sentiment was somewhat inhibited in some COVID-19 sensitive segments as the Delta variant of COVID-19 caused fear in the markets, alongside the Fed's somewhat hawkish (in favour of higher interest rates) shift. Despite the volatility, global risk assets ended the first half of the year significantly higher.

Quarter three of 2021 turned out to be an interesting period in the financial markets. Risk assets had a solid start to the quarter, with most equity market indices remaining firmly in positive territory. However, towards the end of the quarter markets exhibited greater volatility. Both equities and bonds reacted negatively to rising inflation concerns, fears of a regulatory clampdown on technology firms in China as well as lingering worries over the strength of the global economy. The last quarter of the year was mixed for financial markets. The emergence of the Omicron variant of COVID-19 pushed global infection numbers to new highs, adding significantly to investor uncertainty over the period. Despite the tightening of restrictions in some regions, central banks pushed ahead with their normalisation plans and most took on a more hawkish tilt. Recent data supported the notion that the Omicron variant has a milder effect on the population and hospitalisation rates appeared manageable. Investors looked through volatility in markets and broad equity markets rallied over the quarter and finished the year at record highs.

Longer-dated vintages of the Funds (designed for savers that are over 20 years away from their retirement date) outperformed the shorter-dated vintages (where investments are more suitable for investors approaching and navigating retirement) in 2021. The main reason for this was due to their larger allocation to equity and equity-like investments that outperformed bond investments. Over the longer term (3 and 5 year), we have also seen strong growth coming from vintages with greater exposure to risk assets, providing justification for our decision to hold 100% in risk assets in the longer-dated vintages.

Looking into the drivers of return, within equity markets, the ACS LifePath Funds were diversified across a variety of equity exposures. Developed Market ("DM") equity added +23.5% over the year and, as the largest equity exposure, was the key contributor. DM Small Cap (Small Cap refers to companies with a smaller market capitalisation) equity also performed strongly over the same period, returning +16.8%. EM equity performance was greatly hindered by the rising concerns over Chinese regulations, the sell-off of Chinese stocks and the cautious stance on the inflation outlook thus ending the year in negative territory, returning (1.6%).

Most LifePath vintages also benefited from having access to a diverse range of real assets including commodities, property securities and inflation-linked bonds which rose by +28.2%, +27.3% and +4.2%, respectively. All served as a strong hedge against the rising inflation.

Global fixed income securities struggled as inflationary pressures continued to surpass expectations driving the bond yields higher with the UK Gilts and Global Government bonds ex-UK returning (5.2%) and (2.0%), respectively. UK, Global ex-UK Corporate bonds and EM Debt also ended the year lower, detracting 3.1%, 0.9% and 1.4% from performance, in absolute terms.

INVESTMENT MANAGER'S REPORT (continued)

Fund Performance Review and Activity (continued)

BlackRock Pension Growth Fund

Over the financial year to 31 December 2021, the Fund's performance return was 13.62% and the active return was 3.09%, outperforming its comparator benchmark which returned 10.53% (active return is the difference between the Fund's return and the comparator benchmark return).

Overall, the Fund's positive performance over the year was mainly driven by its exposure to global equities. Global bonds exposures slightly detracted from the Fund's return mainly due to the changes in inflation and monetary policy globally.

Government Bonds ex-UK and Gilts were the main detractors but showed a limited negative contribution to the Fund, whilst corporate bonds exhibited a neutral contribution in the year. Both government and corporate bonds have faced a hawkish (in favour of higher interest rates) change in global monetary policies with rates that have started to increase across major economies. EM Sovereign debt return was almost nil. Equities were the big driver of performance, with US, UK and European equities being the largest contributors and Asian and EM equities remaining neutral. US equities were the top performing geography over the year, thanks to a favourable fiscal policy environment, and to faster vaccination roll-out that led to the restart of economic activities. EM equities lagged as they have been affected by the consequences of heightened regulatory activity in China, leading to be the least performing exposure. Currency volatility was elevated during the whole year with US Dollar appreciating versus both Sterling and Euro.

In 2021, the world took major steps to fight the COVID-19 pandemic and create the conditions to restart economies. The first half of the year saw the development and roll-out of COVID-19 vaccination programmes across the globe, amid lockdown measures occasionally coming back to fight resurgences of the disease in selected regions. The global economy proved to be more resilient and the impact on GDP (gross domestic product) growth and on economic activity was milder than in 2020. This, together with a favourable monetary and fiscal policy environment, set the stage for positive performance of the risk assets. On the other hand, investors have paid increasing attention to inflation. In fact, inflation expectations rose and fluctuated during the year, amid supply and demand imbalances and realised inflation figures beating expectations especially in the US. In the second half of the year, this gradually turned major central banks from a dovish (in favour of lower interest rates) to a hawkish stance (in favour of higher interest rates). In turn, this has led to negative returns in the global government bond market and has driven interest rates upwards. Because of a strong earnings season, the global equity rally advanced, more or less untouched by these developments. In November, news on the Omicron variant of COVID-19 drove the financial markets into a state of uncertainty, showing that the world was still exposed to tail risks arising from COVID-19 virus mutations. Several governments reacted by reimposing travel restrictions and accelerated their vaccination campaigns to protect the high-risk population. This caused the global equities to fall immediately, to then recover afterwards in December as the Omicron variant of COVID-19 appeared to be less severe, bringing global equity markets to close the year near an all-time high.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

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 provisions in the UK implementing 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 and to UK entities within the BlackRock group authorised as a manager of a UK alternative investment fund in accordance with the UK version of the Directive.

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 8 meetings during 2021. 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.

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.

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;
- promote sound and effective risk management across all risk categories, including sustainability risk;
- discourage excessive risk-taking (sustainability related or otherwise); 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.

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 2021 is £79.7 million. This figure is comprised of fixed remuneration of £1.6 million and variable remuneration of £78.1 million. There were a total of 67 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 2021, to its senior management was £0.10 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 £79.6 million.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

ACCOUNTING AND DISTRIBUTION POLICIES*

for the year ended 31 December 2021

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 a period of at least one year from the date of approval of the financial statements 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 reached 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, the financial statements in respect of the ACS LifePath 2019-2021 have been prepared on other than going concern basis for the year ended 31 December 2021. Under this basis, all assets are recorded at their estimated realisable amount and all liabilities at their estimated settlement amount. Any liquidation costs will be borne by the Manager.

(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.

(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.

* 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)

(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 and 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 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 2021 based on a 99% confidence level is outlined in the table below:

Fund	31 December 2021	31 December 2020
	%	%
ACS LifePath 2019-2021	1.07	1.58
ACS LifePath 2022-2024	1.18	1.94
ACS LifePath 2025-2027	1.30	2.21
ACS LifePath 2028-2030	1.39	2.48
ACS LifePath 2031-2033	1.56	2.72
ACS LifePath 2034-2036	1.70	2.95
ACS LifePath 2037-2039	1.83	3.19
ACS LifePath 2040-2042	1.94	3.41
ACS LifePath 2043-2045	2.10	3.65
ACS LifePath 2046-2048	2.22	3.84
ACS LifePath 2049-2051	2.33	4.02
ACS LifePath 2052-2054	2.40	4.13
ACS LifePath 2055-2057*	2.41	–
BlackRock Pension Growth Fund	1.68	2.73

*The Fund launched on 28 June 2021, therefore no comparatives have been presented.

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 hold 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 2021				
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	–	(1,470)	(1,470)	(1.02)
Canadian dollar	–	(2,369)	(2,369)	(1.64)
Danish kroner	–	(466)	(466)	(0.32)
Euro	15	(12,149)	(12,134)	(8.39)
Hong Kong dollar	–	(384)	(384)	(0.27)
Israeli new shekel	–	(92)	(92)	(0.06)
Japanese yen	–	(7,842)	(7,842)	(5.43)
New Zealand dollar	–	(21)	(21)	(0.01)
Norwegian krone	–	(221)	(221)	(0.15)
Singapore dollar	–	(196)	(196)	(0.14)
South Korean won	–	(6)	(6)	–
Swedish krona	–	(687)	(687)	(0.48)
Swiss franc	–	(1,314)	(1,314)	(0.91)
US dollar	3,849	(50,755)	(46,906)	(32.45)
Total exposure to foreign currencies	3,864	(77,972)	(74,108)	(51.27)
ACS LifePath 2022-2024				
Australian dollar	–	(5,568)	(5,568)	(1.06)
Canadian dollar	–	(9,098)	(9,098)	(1.73)
Danish kroner	–	(1,809)	(1,809)	(0.34)
Euro	–	(43,800)	(43,800)	(8.35)
Hong Kong dollar	–	(1,589)	(1,589)	(0.30)
Israeli new shekel	–	(345)	(345)	(0.07)
Japanese yen	–	(28,703)	(28,703)	(5.47)
New Zealand dollar	–	(72)	(72)	(0.01)
Norwegian krone	–	(845)	(845)	(0.16)
Singapore dollar	–	(776)	(776)	(0.15)
South Korean won	–	(13)	(13)	–
Swedish krona	–	(2,671)	(2,671)	(0.51)
Swiss franc	–	(5,332)	(5,332)	(1.02)
US dollar	11,725	(193,317)	(181,592)	(34.61)
Total exposure to foreign currencies	11,725	(293,938)	(282,213)	(53.78)

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

31 December 2021				
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	–	(8,828)	(8,828)	(1.09)
Canadian dollar	–	(14,463)	(14,463)	(1.79)
Danish kroner	–	(2,925)	(2,925)	(0.36)
Euro	(218)	(64,325)	(64,543)	(7.97)
Hong Kong dollar	–	(2,589)	(2,589)	(0.32)
Israeli new shekel	–	(577)	(577)	(0.07)
Japanese yen	(170)	(42,947)	(43,117)	(5.33)
New Zealand dollar	–	(134)	(134)	(0.02)
Norwegian krone	–	(1,353)	(1,353)	(0.17)
Singapore dollar	–	(1,321)	(1,321)	(0.16)
South Korean won	–	(15)	(15)	–
Swedish krona	–	(4,494)	(4,494)	(0.56)
Swiss franc	–	(9,195)	(9,195)	(1.14)
US dollar	15,290	(309,528)	(294,238)	(36.34)
Total exposure to foreign currencies	14,902	(462,694)	(447,792)	(55.32)
ACS LifePath 2028-2030				
Australian dollar	–	(8,037)	(8,037)	(1.07)
Canadian dollar	–	(13,135)	(13,135)	(1.76)
Danish kroner	–	(2,787)	(2,787)	(0.37)
Euro	–	(54,197)	(54,197)	(7.25)
Hong Kong dollar	–	(2,520)	(2,520)	(0.34)
Israeli new shekel	–	(640)	(640)	(0.09)
Japanese yen	–	(36,743)	(36,743)	(4.91)
New Zealand dollar	–	(159)	(159)	(0.02)
Norwegian krone	–	(1,299)	(1,299)	(0.17)
Singapore dollar	–	(1,261)	(1,261)	(0.17)
South Korean won	–	(14)	(14)	–
Swedish krona	–	(4,254)	(4,254)	(0.57)
Swiss franc	–	(8,769)	(8,769)	(1.17)
US dollar	12,165	(276,241)	(264,076)	(35.32)
Total exposure to foreign currencies	12,165	(410,056)	(397,891)	(53.21)

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

31 December 2021				
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	–	(13,430)	(13,430)	(1.05)
Canadian dollar	–	(21,903)	(21,903)	(1.71)
Danish kroner	–	(4,803)	(4,803)	(0.37)
Euro	–	(85,150)	(85,150)	(6.64)
Hong Kong dollar	–	(4,330)	(4,330)	(0.34)
Israeli new shekel	–	(1,116)	(1,116)	(0.09)
Japanese yen	–	(58,838)	(58,838)	(4.59)
New Zealand dollar	–	(280)	(280)	(0.02)
Norwegian krone	–	(2,123)	(2,123)	(0.17)
Singapore dollar	–	(2,122)	(2,122)	(0.17)
South Korean won	–	(34)	(34)	–
Swedish krona	–	(7,364)	(7,364)	(0.57)
Swiss franc	–	(15,401)	(15,401)	(1.20)
US dollar	17,790	(465,366)	(447,576)	(34.91)
Total exposure to foreign currencies	17,790	(682,260)	(664,470)	(51.83)
ACS LifePath 2034-2036				
Australian dollar	–	(8,943)	(8,943)	(1.05)
Canadian dollar	–	(14,552)	(14,552)	(1.70)
Danish kroner	–	(3,235)	(3,235)	(0.38)
Euro	–	(52,827)	(52,827)	(6.17)
Hong Kong dollar	–	(3,039)	(3,039)	(0.36)
Israeli new shekel	–	(773)	(773)	(0.09)
Japanese yen	–	(37,130)	(37,130)	(4.34)
New Zealand dollar	–	(232)	(232)	(0.03)
Norwegian krone	–	(1,490)	(1,490)	(0.17)
Singapore dollar	–	(1,532)	(1,532)	(0.18)
South Korean won	–	(11)	(11)	–
Swedish krona	–	(5,108)	(5,108)	(0.60)
Swiss franc	–	(10,649)	(10,649)	(1.24)
US dollar	10,107	(306,412)	(296,305)	(34.62)
Total exposure to foreign currencies	10,107	(445,933)	(435,826)	(50.93)

FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2021				
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	–	(12,944)	(12,944)	(1.02)
Canadian dollar	–	(21,014)	(21,014)	(1.66)
Danish kroner	–	(4,680)	(4,680)	(0.37)
Euro	–	(71,398)	(71,398)	(5.63)
Hong Kong dollar	–	(4,536)	(4,536)	(0.36)
Israeli new shekel	–	(1,175)	(1,175)	(0.09)
Japanese yen	–	(51,133)	(51,133)	(4.03)
New Zealand dollar	–	(354)	(354)	(0.03)
Norwegian krone	–	(2,103)	(2,103)	(0.16)
Singapore dollar	–	(2,159)	(2,159)	(0.17)
South Korean won	–	(11)	(11)	–
Swedish krona	–	(7,531)	(7,531)	(0.59)
Swiss franc	–	(15,992)	(15,992)	(1.26)
US dollar	11,459	(443,624)	(432,165)	(34.06)
Total exposure to foreign currencies	11,459	(638,654)	(627,195)	(49.43)
ACS LifePath 2040-2042				
Australian dollar	–	(7,006)	(7,006)	(1.00)
Canadian dollar	–	(11,299)	(11,299)	(1.61)
Danish kroner	–	(2,621)	(2,621)	(0.37)
Euro	–	(36,506)	(36,506)	(5.19)
Hong Kong dollar	–	(2,532)	(2,532)	(0.36)
Israeli new shekel	–	(672)	(672)	(0.10)
Japanese yen	–	(26,595)	(26,595)	(3.78)
New Zealand dollar	–	(233)	(233)	(0.03)
Norwegian krone	–	(1,190)	(1,190)	(0.17)
Singapore dollar	–	(1,249)	(1,249)	(0.18)
South Korean won	–	(5)	(5)	–
Swedish krona	–	(4,216)	(4,216)	(0.60)
Swiss franc	–	(8,916)	(8,916)	(1.27)
US dollar	4,866	(239,257)	(234,391)	(33.30)
Total exposure to foreign currencies	4,866	(342,297)	(337,431)	(47.96)

FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2021				
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	–	(9,746)	(9,746)	(0.96)
Canadian dollar	–	(15,757)	(15,757)	(1.55)
Danish kroner	–	(3,735)	(3,735)	(0.37)
Euro	(107)	(47,599)	(47,706)	(4.71)
Hong Kong dollar	–	(3,566)	(3,566)	(0.35)
Israeli new shekel	–	(912)	(912)	(0.09)
Japanese yen	–	(35,384)	(35,384)	(3.49)
New Zealand dollar	–	(339)	(339)	(0.03)
Norwegian krone	–	(1,621)	(1,621)	(0.16)
Singapore dollar	–	(1,765)	(1,765)	(0.17)
South Korean won	–	(4)	(4)	–
Swedish krona	–	(5,849)	(5,849)	(0.58)
Swiss franc	–	(12,765)	(12,765)	(1.26)
US dollar	4,130	(331,791)	(327,661)	(32.33)
Total exposure to foreign currencies	4,023	(470,833)	(466,810)	(46.05)
ACS LifePath 2046-2048				
Australian dollar	–	(5,168)	(5,168)	(0.93)
Canadian dollar	–	(8,299)	(8,299)	(1.49)
Danish kroner	–	(1,969)	(1,969)	(0.35)
Euro	–	(23,930)	(23,930)	(4.30)
Hong Kong dollar	–	(1,953)	(1,953)	(0.35)
Israeli new shekel	–	(485)	(485)	(0.09)
Japanese yen	–	(18,090)	(18,090)	(3.25)
New Zealand dollar	–	(167)	(167)	(0.03)
Norwegian krone	–	(912)	(912)	(0.16)
Polish zloty	–	(8)	(8)	–
Singapore dollar	–	(930)	(930)	(0.17)
South Korean won	–	(101)	(101)	(0.02)
Swedish krona	–	(3,206)	(3,206)	(0.58)
Swiss franc	–	(6,864)	(6,864)	(1.23)
US dollar	1,307	(174,417)	(173,110)	(31.08)
Total exposure to foreign currencies	1,307	(246,499)	(245,192)	(44.03)

FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2021				
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	—	(6,744)	(6,744)	(0.94)
Canadian dollar	—	(10,829)	(10,829)	(1.51)
Danish kroner	—	(2,621)	(2,621)	(0.36)
Euro	—	(30,340)	(30,340)	(4.22)
Hong Kong dollar	—	(2,585)	(2,585)	(0.36)
Israeli new shekel	—	(707)	(707)	(0.10)
Japanese yen	—	(23,274)	(23,274)	(3.24)
New Zealand dollar	—	(198)	(198)	(0.03)
Norwegian krone	—	(1,134)	(1,134)	(0.16)
Polish zloty	—	(20)	(20)	—
Singapore dollar	—	(1,262)	(1,262)	(0.18)
South Korean won	—	(306)	(306)	(0.04)
Swedish krona	—	(4,165)	(4,165)	(0.58)
Swiss franc	—	(9,077)	(9,077)	(1.26)
US dollar	701	(230,371)	(229,670)	(31.96)
Total exposure to foreign currencies	701	(323,633)	(322,932)	(44.94)
ACS LifePath 2052-2054				
Australian dollar	—	(3,223)	(3,223)	(0.89)
Canadian dollar	—	(5,105)	(5,105)	(1.41)
Danish kroner	—	(1,261)	(1,261)	(0.35)
Euro	—	(14,061)	(14,061)	(3.88)
Hong Kong dollar	—	(1,244)	(1,244)	(0.34)
Israeli new shekel	—	(328)	(328)	(0.09)
Japanese yen	—	(10,872)	(10,872)	(3.00)
New Zealand dollar	—	(109)	(109)	(0.03)
Norwegian krone	—	(550)	(550)	(0.15)
Polish zloty	—	(14)	(14)	—
Singapore dollar	—	(609)	(609)	(0.17)
South Korean won	—	(212)	(212)	(0.06)
Swedish krona	—	(2,012)	(2,012)	(0.56)
Swiss franc	—	(4,347)	(4,347)	(1.20)
US dollar	32	(107,881)	(107,849)	(29.80)
Total exposure to foreign currencies	32	(151,828)	(151,796)	(41.93)

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

31 December 2021				
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 2055-2057				
Australian dollar	–	(3,341)	(3,341)	(0.88)
Canadian dollar	–	(5,285)	(5,285)	(1.40)
Danish kroner	–	(1,290)	(1,290)	(0.34)
Euro	–	(14,596)	(14,596)	(3.86)
Hong Kong dollar	–	(1,324)	(1,324)	(0.35)
Israeli new shekel	–	(356)	(356)	(0.09)
Japanese yen	–	(11,238)	(11,238)	(2.97)
New Zealand dollar	–	(101)	(101)	(0.03)
Norwegian krone	–	(592)	(592)	(0.16)
Polish zloty	–	(11)	(11)	–
Singapore dollar	–	(625)	(625)	(0.17)
South Korean won	–	(234)	(234)	(0.06)
Swedish krona	–	(2,097)	(2,097)	(0.55)
Swiss franc	–	(4,495)	(4,495)	(1.19)
US dollar	1	(113,301)	(113,300)	(29.95)
Total exposure to foreign currencies	1	(158,886)	(158,885)	(42.00)
BlackRock Pension Growth Fund				
Euro	–	(716,340)	(716,340)	(7.66)
US dollar	595,985	(3,265,456)	(2,669,471)	(28.53)
Total exposure to foreign currencies	595,985	(3,981,796)	(3,385,811)	(36.19)

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 2019-2021				
Australian dollar	—	(2,036)	(2,036)	(1.15)
Canadian dollar	—	(2,589)	(2,589)	(1.46)
Danish kroner	—	(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 kroner	—	(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)

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 kroner	—	(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 kroner	—	(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)

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 kroner	—	(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 kroner	—	(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)

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 kroner	—	(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)	(51,050)	(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 kroner	—	(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)

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 kroner	—	(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 kroner	—	(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)	(3,433)	(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)

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 kroner	—	(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)	(28,129)	(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 kroner	—	(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)	(1,463)	(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)

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

Price risk is the risk that the fair value of 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 the market price of its investments.

The coronavirus outbreak has had a profound impact on all aspects of society in recent years. While there is a growing consensus in developed economies that the worst of the impact is now over, there is an expectation that travel restrictions, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, cancellations, supply chain disruptions, and lower consumer demand will create ongoing challenges. While widescale vaccination programmes are now in place in many countries and are having a positive effect, the impact of COVID-19 continues to adversely affect the economies of many nations across the globe and this impact may be greater where vaccination rates are lower, such as in certain emerging markets. Although it is difficult to make timing predictions, it is expected that the economic effects of COVID-19 will continue to be felt for a period after the virus itself has moved from being pandemic to endemic in nature, and this in turn may continue to impact investments held by the Fund.

The Funds are exposed to market price risk arising from their 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 their 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 2021 and 31 December 2020, no interest bearing investments were held by the Funds.

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.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

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 margin 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 2021	Forwards	Total Exposure
Counterparty	£000's	£000's
ACS LifePath 2019-2021		
Goldman Sachs	945	945
HSBC Bank	(40)	(40)
J.P. Morgan Chase Bank	(5)	(5)
Morgan Stanley & Co. International	487	487
UBS^	–	–
ACS LifePath 2022-2024		
Goldman Sachs	3,456	3,456
HSBC Bank	(58)	(58)
J.P. Morgan Chase Bank	(12)	(12)
Morgan Stanley & Co. International	1,805	1,805
UBS^	–	–
ACS LifePath 2025-2027		
Goldman Sachs	5,252	5,252
HSBC Bank	73	73
J.P. Morgan Chase Bank	(10)	(10)
Morgan Stanley & Co. International	2,761	2,761
UBS^	–	–
ACS LifePath 2028-2030		
Goldman Sachs	4,779	4,779
HSBC Bank	(76)	(76)
J.P. Morgan Chase Bank	(4)	(4)
Morgan Stanley & Co. International	2,487	2,487
UBS^	–	–
ACS LifePath 2031-2033		
Goldman Sachs	7,704	7,704
HSBC Bank	98	98
J.P. Morgan Chase Bank	14	14
Morgan Stanley & Co. International	4,028	4,028
UBS	1	1
ACS LifePath 2034-2036		
Goldman Sachs	5,151	5,151
HSBC Bank	(53)	(53)
J.P. Morgan Chase Bank	5	5
Morgan Stanley & Co. International	2,673	2,673
UBS^	–	–

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

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

31 December 2021 Counterparty	Forwards £000's	Total Exposure £000's
ACS LifePath 2037-2039		
Goldman Sachs	7,174	7,174
HSBC Bank	93	93
J.P. Morgan Chase Bank	28	28
Morgan Stanley & Co. International	3,721	3,721
UBS^	–	–
ACS LifePath 2040-2042		
Goldman Sachs	3,912	3,912
HSBC Bank	(27)	(27)
J.P. Morgan Chase Bank	15	15
Morgan Stanley & Co. International	2,025	2,025
UBS^	–	–
ACS LifePath 2043-2045		
Goldman Sachs	5,284	5,284
HSBC Bank	47	47
J.P. Morgan Chase Bank	40	40
Morgan Stanley & Co. International	2,731	2,731
UBS^	–	–
ACS LifePath 2046-2048		
Barclays Bank^	–	–
Goldman Sachs	2,800	2,800
HSBC Bank	(16)	(16)
J.P. Morgan Chase Bank	18	18
Morgan Stanley & Co. International	1,446	1,446
UBS	2	2
ACS LifePath 2049-2051		
Barclays Bank^	–	–
Goldman Sachs	3,606	3,606
HSBC Bank	47	47
J.P. Morgan Chase Bank	32	32
Morgan Stanley & Co. International	1,861	1,861
UBS	5	5
ACS LifePath 2052-2054		
Barclays Bank^	–	–
Goldman Sachs	1,715	1,715
HSBC Bank	(4)	(4)
J.P. Morgan Chase Bank	12	12
Morgan Stanley & Co. International	884	884
UBS	3	3

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

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

31 December 2021	Forwards	Total Exposure
Counterparty	£000's	£000's
ACS LifePath 2055-2057		
HSBC Bank	2,714	2,714
BlackRock Pension Growth Fund		
Barclays Bank	(3,231)	(3,231)
BNP Paribas	3,134	3,134
CitiGroup Global Markets	753	753
Deutsche Bank	(6,558)	(6,558)
Goldman Sachs	(3,585)	(3,585)
J.P. Morgan Chase Bank	(266)	(266)
Morgan Stanley & Co. International	(3,438)	(3,438)
Natwest Markets	(940)	(940)
Toronto-Dominion Bank	(6,331)	(6,331)
UBS	1,738	1,738

31 December 2020	Forwards	Total Exposure
Counterparty	£000's	£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

^ 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 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
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

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

31 December 2020 Counterparty	Forwards £000's	Total Exposure £000's
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

ii) Depositary and Custodian

The Funds' Depositary is Northern Trust Investor Services Limited (the "Depositary"). The Depositary 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 depositary used by the Depositary regarding cash balances held in accounts with same. In the event of insolvency or bankruptcy of the Custodian or any depositary used by the Depositary, the Funds will be treated as a general creditor of the Depositary.

Management of counterparty credit risk related to the Depositary and Custodian

To mitigate the Funds' credit risk with respect to the Depositary, the Investment Manager of the Funds employs specific procedures to ensure that the Depositary 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.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

The long term credit rating of the parent company of the Depository and Custodian, Northern Trust Corporation as at 31 December 2021 was A+ (31 December 2020: 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.

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 2021 and 31 December 2020, 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.

FINANCIAL INSTRUMENTS AND RISKS (continued)

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.

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.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

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 2021	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
ACS LifePath 2019-2021				
Investment Assets				
Collective Investment Schemes	5,710	136,335	–	142,045
Derivatives	–	1,454	–	1,454
Investment liabilities				
Derivatives	–	(67)	–	(67)
ACS LifePath 2022-2024				
Investment Assets				
Collective Investment Schemes	21,031	496,810	–	517,841
Derivatives	–	5,329	–	5,329
Investment liabilities				
Derivatives	–	(138)	–	(138)
ACS LifePath 2025-2027				
Investment Assets				
Collective Investment Schemes	31,997	762,384	–	794,381
Derivatives	–	8,217	–	8,217
Investment liabilities				
Derivatives	–	(141)	–	(141)
ACS LifePath 2028-2030				
Investment Assets				
Collective Investment Schemes	27,011	705,593	–	732,604
Derivatives	–	7,355	–	7,355
Investment liabilities				
Derivatives	–	(169)	–	(169)
ACS LifePath 2031-2033				
Investment Assets				
Collective Investment Schemes	41,511	1,215,292	–	1,256,803
Derivatives	–	12,043	–	12,043
Investment liabilities				
Derivatives	–	(198)	–	(198)

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

31 December 2021	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
ACS LifePath 2034-2036				
Investment Assets				
Collective Investment Schemes	24,213	814,834	–	839,047
Derivatives	–	7,947	–	7,947
Investment liabilities				
Derivatives	–	(171)	–	(171)
ACS LifePath 2037-2039				
Investment Assets				
Collective Investment Schemes	29,725	1,216,578	–	1,246,303
Derivatives	–	11,203	–	11,203
Investment liabilities				
Derivatives	–	(187)	–	(187)
ACS LifePath 2040-2042				
Investment Assets				
Collective Investment Schemes	12,649	678,553	–	691,202
Derivatives	–	6,037	–	6,037
Investment liabilities				
Derivatives	–	(112)	–	(112)
ACS LifePath 2043-2045				
Investment Assets				
Collective Investment Schemes	13,466	983,975	–	997,441
Derivatives	–	8,234	–	8,234
Investment liabilities				
Derivatives	–	(132)	–	(132)
ACS LifePath 2046-2048				
Investment Assets				
Collective Investment Schemes	4,460	544,101	–	548,561
Derivatives	–	4,334	–	4,334
Investment liabilities				
Derivatives	–	(84)	–	(84)
ACS LifePath 2049-2051				
Investment Assets				
Collective Investment Schemes	2,880	706,098	–	708,978
Derivatives	–	5,643	–	5,643
Investment liabilities				
Derivatives	–	(92)	–	(92)

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

31 December 2021	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
ACS LifePath 2052-2054				
Investment Assets				
Collective Investment Schemes	582	357,085	–	357,667
Derivatives	–	2,660	–	2,660
Investment liabilities				
Derivatives	–	(50)	–	(50)
ACS LifePath 2055-2057				
Investment Assets				
Collective Investment Schemes	–	375,626	–	375,626
Derivatives	–	2,755	–	2,755
Investment liabilities				
Derivatives	–	(41)	–	(41)
BlackRock Pension Growth Fund				
Investment Assets				
Collective Investment Schemes	–	9,129,838	–	9,129,838
Derivatives	–	15,178	–	15,178
Investment liabilities				
Derivatives	–	(33,902)	–	(33,902)
31 December 2020				
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)
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)

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 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)
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)

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 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)

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.

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

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 31.12.2021	Maximum limit	Leverage as at 31.12.2021
ACS Life Path 2019-2021	4.1:1	2.66	2.1:1	1.51
ACS Life Path 2022-2024	4.1:1	2.71	2.1:1	1.55
ACS Life Path 2025-2027	4.1:1	2.73	2.1:1	1.56
ACS Life Path 2028-2030	4.1:1	2.67	2.1:1	1.53
ACS Life Path 2031-2033	4.1:1	2.61	2.1:1	1.49
ACS Life Path 2034-2036	4.1:1	2.59	2.1:1	1.48
ACS Life Path 2037-2039	4.1:1	2.53	2.1:1	1.48
ACS Life Path 2040-2042	4.1:1	2.48	2.1:1	1.45
ACS Life Path 2043-2045	4.1:1	2.42	2.1:1	1.44
ACS Life Path 2046-2048	4.1:1	2.35	2.1:1	1.46
ACS Life Path 2049-2051	4.1:1	2.38	2.1:1	1.43
ACS Life Path 2052-2054	4.1:1	2.28	2.1:1	1.44
ACS Life Path 2055-2057	4.1:1	2.28	2.1:1	1.44
BlackRock Pension Growth Fund	4.1:1	1.44	2.1:1	1.36

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.

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 reached 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 a going concern basis for the year ended 31 December 2021. 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 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	117.87	108.77	95.64
Return before operating charges	8.71	9.12	13.15
Operating charges	(0.02)	(0.02)	(0.02)
Return after operating charges	8.69	9.10	13.13
Distributions	(1.65)	(1.82)	(1.97)
Retained distributions on accumulation units	1.65	1.82	1.97
Closing net asset value per unit	126.56	117.87	108.77
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	7.37%	8.37%	13.73%
Other Information			
Closing net asset value (£000's)	144,555	177,507	193,097
Closing number of units	114,214,893	150,592,541	177,521,813
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	128.25	117.90	109.60
Lowest bid unit price	115.70	93.25	95.49

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 2019-2021

DISTRIBUTION TABLE

for the year ended 31 December 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.6471
Distribution payable 28.2.2022	1.6471
Distribution paid 28.2.2021	1.8214

PORTFOLIO STATEMENT

at 31 December 2021

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 - 98.26%; 31.12.20 98.66%										
Equity Funds - 39.28%; 31.12.20 39.20%										
28,978,071	BlackRock ACS World ESG Equity Tracker Fund		41,846	28.95	CHF 100,214	Swiss franc vs UK sterling		81	(1)	0.00
4,913,161	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund		5,143	3.56	GBP 1,512,882	UK sterling vs Australian dollar	(1,519)	(6)		0.00
1,237,016	iShares Diversified Commodity Swap UCITS ETF		5,710	3.95	GBP 2,491,508	UK sterling vs Canadian dollar	(2,465)	27		0.02
761,384	iShares Emerging Markets Equity Index Fund (UK)		1,397	0.96	GBP 497,764	UK sterling vs Danish krone	(491)	7		0.00
85,948	iShares Emerging Markets Index Fund (IE)		2,694	1.86	GBP 12,969,792	UK sterling vs Euro	(12,796)	174		0.12
			56,790	39.28	GBP 413,230	UK sterling vs Hong Kong dollar	(406)	8		0.01
Fixed Income Funds - 58.98%; 31.12.20 59.46%										
34,456	iShares Emerging Markets Government Bond Index Fund (LU)		3,737	2.58	GBP 92,520	UK sterling vs Israel shekel^	(92)	-		0.00
9,713,036	iShares ESG Sterling Corporate Bond Index Fund (UK)		9,478	6.56	GBP 8,680,044	UK sterling vs Japanese yen	(8,405)	275		0.19
6,349,248	iShares Index Linked Gilt Index Fund (UK)		12,597	8.71	GBP 5,757	UK sterling vs Korean won^	(6)	-		0.00
5,172,879	iShares Overseas Corporate Bond Index Fund (UK)		8,365	5.79	GBP 21,333	UK sterling vs New Zealand dollar^	(21)	-		0.00
19,300,402	iShares Overseas Government Bond Index Fund (UK)		25,148	17.40	GBP 217,428	UK sterling vs Norwegian krone	(221)	(3)		0.00
18,857,961	iShares UK Gilts All Stocks Index Fund (UK)		25,930	17.94	GBP 213,705	UK sterling vs Singapore dollar^	(213)	-		0.00
			85,255	58.98	GBP 699,147	UK sterling vs Swedish krona	(687)	12		0.01
					GBP 1,403,638	UK sterling vs Swiss franc	(1,396)	8		0.01
					GBP 53,997,752	UK sterling vs United States dollar	(53,055)	943		0.65
					USD 3,251,098	United States dollar vs UK sterling	2,413	(29)		(0.02)
							(77,846)	1,387		0.97
DERIVATIVES - 0.96%; 31.12.20 0.72%										
Forward Currency Contracts - 0.96%; 31.12.20 0.72%										
AUD 90,905	Australian dollar vs UK sterling^		49	-						0.00
CAD 163,565	Canadian dollar vs UK sterling		95	(2)						0.00
DKK 219,969	Danish krone vs UK sterling^		25	-						0.00
EUR 787,321	Euro vs UK sterling		661	(9)	(0.01)					
HKD 231,824	Hong Kong dollar vs UK sterling^		22	-						0.00
JPY 87,297,441	Japanese yen vs UK sterling		563	(17)	(0.01)					
SGD 32,286	Singapore dollar vs UK sterling^		18	-						0.00
					Portfolio of investments					
					143,432					
					99.23					
					Net other assets					
					1,123					
					0.77					
					Total net assets					
					144,555					
					100.00					
Underlying exposure has been calculated according to the guidelines issued by the European Securities and Markets Authority ("ESMA") (as adopted by the FCA) and represents the market value of an equivalent position in the assets underlying each financial derivative instrument.										
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 2021

	Notes	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income			
Net capital gains	3	8,755	10,460
Revenue	4	2,078	2,924
Expenses	5	(2)	(30)
Interest payable and similar charges		–	–
Net revenue before taxation		2,076	2,894
Taxation	6	–	–
Net revenue after taxation		2,076	2,894
Total return before distributions		10,831	13,354
Distributions	7	(2,076)	(2,894)
Change in net assets attributable to unitholders from investment activities		8,755	10,460

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders	177,507	193,097
Amounts receivable on issue of units	51,804	38,565
Amounts payable on cancellation of units	(95,392)	(67,358)
	(43,588)	(28,793)
Change in net assets attributable to unitholders from investment activities	8,755	10,460
Retained distribution on accumulation units	1,881	2,743
Closing net assets attributable to unitholders	144,555	177,507

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		143,499	176,568
Current assets			
– Debtors	8	1,778	1,952
– Cash and bank balances		–	121
Total assets		145,277	178,641
Liabilities:			
Investment liabilities		(67)	(161)
Creditors			
– Bank overdrafts		(200)	–
– Other creditors	9	(455)	(973)
Total liabilities		(722)	(1,134)
Net assets attributable to unitholders		144,555	177,507

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	7,354	10,996
Forward currency contracts	1,401	(1,094)
Currency gains	14	550
Custodian transaction costs	(14)	8
Net capital gains	8,755	10,460

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Equity distributions on CIS holdings	116	206
Interest distributions on CIS holdings	1,080	1,548
Overseas dividends	787	842
Rebate from underlying CIS holdings	23	35
Securities lending revenue	3	3
UK dividends	47	263
UK REIT dividends	3	5
US REIT dividends	19	22
Total revenue	2,078	2,924

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(24)	46
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	1	–
– Safe custody fee	1	(38)
– Dividend charges [*]	11	9
Total expenses	2	30

[#] 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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	1,881	2,743
	1,881	2,743
Add: Amounts deducted on cancellation of units	552	570
Deduct: Amounts received on issue of units	(357)	(419)
Distributions	2,076	2,894

Details of the final distribution per unit are set out in the table on page 50.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	45	7
Accrued rebate from underlying CIS holdings	20	45
Accrued revenue	704	959
Amount receivable on issue of units	591	174
Sales awaiting settlement	418	767
Total debtors	1,778	1,952

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	3	4
Amount payable for cancellation of units	295	839
Custodian transaction costs	14	14
Purchases awaiting settlement	136	109
Total other creditors	455	973

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £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 2021:

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.

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 2021:

	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	51%
49%		

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%		

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.

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

For the year ended 31 December 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 2020: 0.14%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	150,592,541
Issued during the year	42,703,110
Cancelled during the year	(79,080,758)
Balance at the end of the year	114,214,893

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 805810.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	118.43	109.05	94.91
Return before operating charges	10.38	9.40	14.16
Operating charges	(0.02)	(0.02)	(0.02)
Return after operating charges	10.36	9.38	14.14
Distributions	(1.59)	(1.77)	(1.99)
Retained distributions on accumulation units	1.59	1.77	1.99
Closing net asset value per unit	128.79	118.43	109.05
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	8.75%	8.60%	14.90%
Other Information			
Closing net asset value (£000's)	524,696	400,130	318,022
Closing number of units	407,411,765	337,860,944	291,621,425
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	130.35	118.40	110.00
Lowest bid unit price	116.90	91.16	94.67

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 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.5925
Distribution payable 28.2.2022	1.5925
Distribution paid 28.2.2021	1.7706

PORTFOLIO STATEMENT

at 31 December 2021

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES - 98.69%; 31.12.20 98.88%			
Equity Funds - 44.46%; 31.12.20 46.16%			
118,607,498	BlackRock ACS World ESG Equity Tracker Fund	171,276	32.64
991,426	BlackRock ACS World ESG Screened Equity Tracker Fund	1,225	0.23
20,351,090	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	21,304	4.06
4,556,189	iShares Diversified Commodity Swap UCITS ETF	21,031	4.01
2,163,359	iShares Emerging Markets Equity Index Fund (UK)	3,970	0.76
462,398	iShares Emerging Markets Index Fund (IE)	14,492	2.76
		233,298	44.46
Fixed Income Funds - 54.23%; 31.12.20 52.72%			
108,106	iShares Emerging Markets Government Bond Index Fund (LU)	11,725	2.23
31,910,437	iShares ESG Sterling Corporate Bond Index Fund (UK)	31,138	5.93
22,943,360	iShares Index Linked Gilt Index Fund (UK)	45,520	8.68
17,224,087	iShares Overseas Corporate Bond Index Fund (UK)	27,852	5.31
63,873,638	iShares Overseas Government Bond Index Fund (UK)	83,227	15.86
61,877,340	iShares UK Gilts All Stocks Index Fund (UK)	85,081	16.22
		284,543	54.23

DERIVATIVES - 0.99%; 31.12.20 0.74%

Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
Forward Currency Contracts - 0.99%; 31.12.20 0.74%				
AUD 125,107	Australian dollar vs UK sterling^	67	-	0.00
CAD 167,509	Canadian dollar vs UK sterling	98	(1)	0.00
DKK 599,183	Danish krone vs UK sterling	68	(1)	0.00
EUR 1,262,089	Euro vs UK sterling	1,060	(14)	0.00
JPY 187,603,167	Japanese yen vs UK sterling	1,209	(37)	(0.01)
CHF 212,369	Swiss franc vs UK sterling	173	(1)	0.00

Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
GBP 5,611,271	UK sterling vs Australian dollar	(5,635)	(24)	(0.01)
GBP 9,296,393	UK sterling vs Canadian dollar	(9,196)	101	0.02
GBP 1,901,858	UK sterling vs Danish krone	(1,877)	25	0.00
GBP 45,471,235	UK sterling vs Euro	(44,860)	611	0.12
GBP 1,617,982	UK sterling vs Hong Kong dollar	(1,589)	29	0.00
GBP 346,427	UK sterling vs Israel shekel	(345)	1	0.00
GBP 30,890,691	UK sterling vs Japanese yen	(29,913)	978	0.19
GBP 13,028	UK sterling vs Korean won^	(13)	-	0.00
GBP 72,464	UK sterling vs New Zealand dollar	(72)	1	0.00
GBP 832,272	UK sterling vs Norwegian krone	(845)	(12)	0.00
GBP 777,588	UK sterling vs Singapore dollar	(776)	1	0.00
GBP 2,718,885	UK sterling vs Swedish krona	(2,671)	48	0.01
GBP 5,535,136	UK sterling vs Swiss franc	(5,504)	31	0.01
GBP 200,832,037	UK sterling vs United States dollar	(197,329)	3,503	0.67
USD 5,406,272	United States dollar vs UK sterling	4,012	(48)	(0.01)
		(293,938)	5,191	0.99

Portfolio of investments	523,032	99.68
Net other assets	1,664	0.32
Total net assets	524,696	100.00

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

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 2021

	Notes	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income			
Net capital gains	3	33,255	24,590
Revenue	4	6,088	5,386
Expenses	5	(33)	(49)
Interest payable and similar charges		(1)	–
Net revenue before taxation		6,054	5,337
Taxation	6	–	–
Net revenue after taxation		6,054	5,337
Total return before distributions		39,309	29,927
Distributions	7	(6,054)	(5,337)
Change in net assets attributable to unitholders from investment activities		33,255	24,590

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders	400,130	318,022
Amounts receivable on issue of units	125,837	86,380
Amounts payable on cancellation of units	(41,014)	(34,844)
	84,823	51,536
Change in net assets attributable to unitholders from investment activities	33,255	24,590
Retained distribution on accumulation units	6,488	5,982
Closing net assets attributable to unitholders	524,696	400,130

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		523,170	398,949
Current assets			
– Debtors	8	6,112	3,544
– Cash and bank balances		707	177
Total assets		529,989	402,670
Liabilities:			
Investment liabilities		(138)	(311)
Creditors			
– Other creditors	9	(5,155)	(2,229)
Total liabilities		(5,293)	(2,540)
Net assets attributable to unitholders		524,696	400,130

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	31,235	23,322
Forward currency contracts	3,834	746
Currency (losses)/gains	(1,794)	514
Custodian transaction costs	(20)	8
Net capital gains	33,255	24,590

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	1	1
Equity distributions on CIS holdings	437	449
Interest distributions on CIS holdings	2,580	2,297
Overseas dividends	2,739	1,906
Rebate from underlying CIS holdings	71	75
Securities lending revenue	10	8
UK dividends	173	590
UK REIT dividends	9	10
US REIT dividends	68	50
Total revenue	6,088	5,386

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(25)	51
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	7	6
Other expenses:		
– Audit fee	7	7
– Legal fee	2	–
– Safe custody fee	2	(34)
– Dividend charges*	40	19
Total expenses	33	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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	6,488	5,982
	6,488	5,982
Add: Amounts deducted on cancellation of units	298	285
Deduct: Amounts received on issue of units	(732)	(930)
Distributions	6,054	5,337

Details of the final distribution per unit are set out in the table on page 60.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	31	1
Accrued rebate from underlying CIS holdings	56	93
Accrued revenue	2,945	2,527
Amount receivable on issue of units	127	923
Sales awaiting settlement	2,953	–
Total debtors	6,112	3,544

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	3	4
Accrued Safe custody fee	1	1
Amount payable for cancellation of units	4,856	1,290
Custodian transaction costs	11	13
Purchases awaiting settlement	277	914
Total other creditors	5,155	2,229

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £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 2021:

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.

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 2021:

	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	91%
9%		

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%		

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.

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

For the year ended 31 December 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 2020: 0.13%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	337,860,944
Issued during the year	102,794,511
Cancelled during the year	(33,243,690)
Balance at the end of the year	407,411,765

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 805813.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	118.68	109.41	94.44
Return before operating charges	12.41	9.29	14.99
Operating charges	(0.03)	(0.02)	(0.02)
Return after operating charges	12.38	9.27	14.97
Distributions	(1.65)	(1.82)	(2.04)
Retained distributions on accumulation units	1.65	1.82	2.04
Closing net asset value per unit	131.06	118.68	109.41
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	10.43%	8.47%	15.85%
Other Information			
Closing net asset value (£000's)	809,626	581,088	467,932
Closing number of units	617,769,438	489,637,910	427,683,140
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	132.51	118.70	110.40
Lowest bid unit price	117.70	89.49	94.14

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 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.6531
Distribution payable 28.2.2022	1.6531
Distribution paid 28.2.2021	1.8178

PORTFOLIO STATEMENT

at 31 December 2021

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 - 98.12%; 31.12.20 98.59%										
Equity Funds - 51.06%; 31.12.20 52.59%										
183,569,590	BlackRock ACS World ESG Equity Tracker Fund		265,090	32.74	JPY 222,233,879	Japanese yen vs UK sterling		1,433	(44)	(0.01)
31,510,783	BlackRock ACS World ESG Screened Equity Tracker Fund		38,923	4.81	CHF 224,923	Swiss franc vs UK sterling		183	(1)	0.00
35,961,768	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund		37,646	4.65	GBP 8,904,985	UK sterling vs Australian dollar		(8,942)	(37)	(0.01)
6,931,711	iShares Diversified Commodity Swap UCITS ETF		31,997	3.95	GBP 14,719,138	UK sterling vs Canadian dollar		(14,560)	159	0.02
5,802,564	iShares Emerging Markets Equity Index Fund (UK)		10,648	1.32	GBP 3,046,127	UK sterling vs Danish krone		(3,006)	41	0.00
818,725	iShares Emerging Markets Index Fund (IE)		25,660	3.17	GBP 66,403,790	UK sterling vs Euro		(65,512)	892	0.11
1,384,144	iShares Global Property Securities Equity Index Fund (UK)		3,397	0.42	GBP 2,746,485	UK sterling vs Hong Kong dollar		(2,698)	49	0.01
			413,361	51.06	GBP 579,008	UK sterling vs Israel shekel		(577)	2	0.00
Fixed Income Funds - 47.06%; 31.12.20 46.00%					GBP 45,826,558	UK sterling vs Japanese yen		(44,380)	1,447	0.18
144,887	iShares Emerging Markets Government Bond Index Fund (LU)		15,715	1.94	GBP 15,481	UK sterling vs Korean won^		(15)	-	0.00
40,482,733	iShares ESG Sterling Corporate Bond Index Fund (UK)		39,503	4.88	GBP 135,130	UK sterling vs New Zealand dollar		(134)	1	0.00
34,542,989	iShares Index Linked Gilt Index Fund (UK)		68,533	8.47	GBP 1,333,308	UK sterling vs Norwegian krone		(1,353)	(20)	0.00
22,343,410	iShares Overseas Corporate Bond Index Fund (UK)		36,129	4.46	GBP 1,323,432	UK sterling vs Singapore dollar		(1,321)	2	0.00
83,724,580	iShares Overseas Government Bond Index Fund (UK)		109,093	13.47	GBP 4,573,851	UK sterling vs Swedish krona		(4,494)	80	0.01
81,488,757	iShares UK Gilts All Stocks Index Fund (UK)		112,047	13.84	GBP 9,430,110	UK sterling vs Swiss franc		(9,378)	52	0.01
			381,020	47.06	GBP 317,107,180	UK sterling vs United States dollar		(311,616)	5,492	0.68
DERIVATIVES - 1.00%; 31.12.20 0.76%					USD 2,813,994	United States dollar vs UK sterling		2,088	(19)	0.00
Forward Currency Contracts - 1.00%; 31.12.20 0.76%								(462,694)	8,076	1.00
AUD 212,903	Australian dollar vs UK sterling^		115	-						
CAD 165,901	Canadian dollar vs UK sterling		97	(1)						
DKK 710,683	Danish krone vs UK sterling		80	(1)						
EUR 1,413,275	Euro vs UK sterling		1,187	(16)						
HKD 1,145,508	Hong Kong dollar vs UK sterling		109	(2)						

PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
Portfolio of investments		802,457	99.12
Net other assets		7,169	0.88
Total net assets		809,626	100.00

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

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 2021

	Notes	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income			
Net capital gains	3	57,848	35,459
Revenue	4	9,111	8,145
Expenses	5	(58)	(61)
Interest payable and similar charges		(1)	–
Net revenue before taxation		9,052	8,084
Taxation	6	–	–
Net revenue after taxation		9,052	8,084
Total return before distributions		66,900	43,543
Distributions	7	(9,052)	(8,084)
Change in net assets attributable to unitholders from investment activities		57,848	35,459

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders	581,088	467,932
Amounts receivable on issue of units	209,474	115,973
Amounts payable on cancellation of units	(48,996)	(47,177)
	160,478	68,796
Change in net assets attributable to unitholders from investment activities	57,848	35,459
Retained distribution on accumulation units	10,212	8,901
Closing net assets attributable to unitholders	809,626	581,088

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		802,598	577,803
Current assets			
– Debtors	8	11,000	5,629
– Cash and bank balances		1,326	546
Total assets		814,924	583,978
Liabilities:			
Investment liabilities		(141)	(474)
Creditors			
– Other creditors	9	(5,157)	(2,416)
Total liabilities		(5,298)	(2,890)
Net assets attributable to unitholders		809,626	581,088

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	55,109	33,661
Forward currency contracts	4,322	1,001
Currency (losses)/gains	(1,560)	789
Custodian transaction costs	(23)	8
Net capital gains	57,848	35,459

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	1	1
Equity distributions on CIS holdings	776	780
Interest distributions on CIS holdings	3,327	3,057
Overseas dividends	4,471	3,107
Rebate from underlying CIS holdings	109	119
Securities lending revenue	15	13
UK dividends	281	969
UK REIT dividends	14	17
US REIT dividends	117	82
Total revenue	9,111	8,145

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(24)	52
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	3	–
– Safe custody fee	3	(34)
– Dividend charges [*]	63	30
Total expenses	58	61

[#] 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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	10,212	8,901
	10,212	8,901
Add: Amounts deducted on cancellation of units	286	424
Deduct: Amounts received on issue of units	(1,446)	(1,241)
Distributions	9,052	8,084

Details of the final distribution per unit are set out in the table on page 70.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	29	–
Accrued rebate from underlying CIS holdings	86	147
Accrued revenue	5,044	4,076
Amount receivable on issue of units	1,205	1,406
Sales awaiting settlement	4,636	–
Total debtors	11,000	5,629

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	4
Accrued Safe custody fee	1	1
Amount payable for cancellation of units	2,869	472
Currency deals awaiting settlement	1	–
Custodian transaction costs	12	11
Purchases awaiting settlement	2,265	1,921
Total other creditors	5,157	2,416

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £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 2021:

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.

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 2021:

	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	66%
34%		

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%		

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 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 2020: 0.13%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	489,637,910
Issued during the year	167,832,947
Cancelled during the year	(39,701,419)
Balance at the end of the year	617,769,438

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 805821.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	118.88	109.77	94.00
Return before operating charges	14.31	9.13	15.79
Operating charges	(0.03)	(0.02)	(0.02)
Return after operating charges	14.28	9.11	15.77
Distributions	(1.76)	(1.88)	(2.10)
Retained distributions on accumulation units	1.76	1.88	2.10
Closing net asset value per unit	133.16	118.88	109.77
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	12.01%	8.30%	16.78%
Other Information			
Closing net asset value (£000's)	747,763	611,566	512,670
Closing number of units	561,560,436	514,439,217	467,031,107
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	134.43	118.90	110.80
Lowest bid unit price	118.40	87.91	93.66

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 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.7564
Distribution payable 28.2.2022	1.7564
Distribution paid 28.2.2021	1.8798

PORTFOLIO STATEMENT

at 31 December 2021

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES - 97.97%; 31.12.20 98.55%			
Equity Funds - 56.97%; 31.12.20 58.60%			
166,548,117	BlackRock ACS World ESG Equity Tracker Fund	243,713	32.59
48,563,165	BlackRock ACS World ESG Screened Equity Tracker Fund	59,987	8.02
36,131,846	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	37,824	5.06
5,851,604	iShares Diversified Commodity Swap UCITS ETF	27,011	3.61
5,933,119	iShares Emerging Markets Equity Index Fund (UK)	10,887	1.46
867,454	iShares Emerging Markets Index Fund (IE)	27,188	3.63
7,912,130	iShares Global Property Securities Equity Index Fund (UK)	19,416	2.60
		426,026	56.97

Fixed Income Funds - 41.00%; 31.12.20 39.95%			
112,153	iShares Emerging Markets Government Bond Index Fund (LU)	12,164	1.63
33,305,309	iShares ESG Sterling Corporate Bond Index Fund (UK)	32,499	4.35
29,784,406	iShares Index Linked Gilt Index Fund (UK)	59,092	7.90
17,769,234	iShares Overseas Corporate Bond Index Fund (UK)	28,733	3.84
65,766,712	iShares Overseas Government Bond Index Fund (UK)	85,694	11.46
64,287,897	iShares UK Gilts All Stocks Index Fund (UK)	88,396	11.82
		306,578	41.00

Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
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DERIVATIVES - 0.96%; 31.12.20 0.79%

Forward Currency Contracts - 0.96%; 31.12.20 0.79%				
AUD 297,589	Australian dollar vs UK sterling	160	1	0.00
CAD 200,029	Canadian dollar vs UK sterling	117	(1)	0.00
DKK 850,208	Danish krone vs UK sterling	96	(1)	0.00
EUR 1,558,353	Euro vs UK sterling	1,309	(17)	0.00
HKD 1,332,143	Hong Kong dollar vs UK sterling	127	(2)	0.00

Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
JPY 220,942,979	Japanese yen vs UK sterling	1,424	(43)	(0.01)
CHF 307,745	Swiss franc vs UK sterling	250	(1)	0.00
GBP 8,162,716	UK sterling vs Australian dollar	(8,197)	(35)	(0.01)
GBP 13,396,724	UK sterling vs Canadian dollar	(13,252)	145	0.02
GBP 2,922,099	UK sterling vs Danish krone	(2,883)	39	0.00
GBP 56,261,443	UK sterling vs Euro	(55,506)	756	0.10
GBP 2,694,472	UK sterling vs Hong Kong dollar	(2,646)	48	0.01
GBP 642,473	UK sterling vs Israel shekel	(640)	2	0.00
GBP 39,414,939	UK sterling vs Japanese yen	(38,167)	1,248	0.17
GBP 14,130	UK sterling vs Korean won^	(14)	-	0.00
GBP 160,623	UK sterling vs New Zealand dollar	(159)	2	0.00
GBP 1,280,260	UK sterling vs Norwegian krone	(1,299)	(19)	0.00
GBP 1,263,431	UK sterling vs Singapore dollar	(1,261)	2	0.00
GBP 4,329,423	UK sterling vs Swedish krona	(4,254)	76	0.01
GBP 9,069,078	UK sterling vs Swiss franc	(9,019)	50	0.01
GBP 285,752,440	UK sterling vs United States dollar	(280,766)	4,986	0.67
USD 6,098,148	United States dollar vs UK sterling	4,525	(50)	(0.01)
		(410,055)	7,186	0.96

PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
Portfolio of investments		739,790	98.93
Net other assets		7,973	1.07
Total net assets		747,763	100.00

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

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 2021

	Notes	£000's	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income				
Net capital gains	3		66,672	37,126
Revenue	4	9,482		9,079
Expenses	5	(63)		(66)
Interest payable and similar charges		(1)		–
Net revenue before taxation		9,418		9,013
Taxation	6	–		–
Net revenue after taxation			9,418	9,013
Total return before distributions			76,090	46,139
Distributions	7		(9,419)	(9,013)
Change in net assets attributable to unitholders from investment activities			66,671	37,126

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	£000's	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders		611,566	512,670
Amounts receivable on issue of units	112,552		99,885
Amounts payable on cancellation of units	(52,889)		(47,785)
		59,663	52,100
Change in net assets attributable to unitholders from investment activities		66,671	37,126
Retained distribution on accumulation units		9,863	9,670
Closing net assets attributable to unitholders		747,763	611,566

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		739,959	608,001
Current assets			
– Debtors	8	11,138	5,432
– Cash and bank balances		79	750
Total assets		751,176	614,183
Liabilities:			
Investment liabilities		(169)	(507)
Creditors			
– Other creditors	9	(3,244)	(2,110)
Total liabilities		(3,413)	(2,617)
Net assets attributable to unitholders		747,763	611,566

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	63,167	35,500
Forward currency contracts	4,472	646
Currency (losses)/gains	(947)	973
Custodian transaction costs	(20)	7
Net capital gains	66,672	37,126

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	1	1
Equity distributions on CIS holdings	945	968
Interest distributions on CIS holdings	3,154	3,025
Overseas dividends	4,813	3,673
Rebate from underlying CIS holdings	112	133
Securities lending revenue	15	16
UK dividends	298	1,146
UK REIT dividends	15	20
US REIT dividends	129	97
Total revenue	9,482	9,079

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(21)	53
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	4	–
– Safe custody fee	3	(34)
– Dividend charges [*]	64	34
Total expenses	63	66

[#] 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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	9,863	9,670
	9,863	9,670
Add: Amounts deducted on cancellation of units	300	459
Deduct: Amounts received on issue of units	(744)	(1,116)
Distributions	9,419	9,013
The distributable amount has been calculated as follows:		
Net revenue after taxation	9,418	9,013
Add: Revenue brought forward	1	–
Distributions	9,419	9,013

Details of the final distribution per unit are set out in the table on page 81.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	25	–
Accrued rebate from underlying CIS holdings	91	165
Accrued revenue	4,981	4,685
Amount receivable on issue of units	407	582
Sales awaiting settlement	5,634	–
Total debtors	11,138	5,432

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	4
Accrued Safe custody fee	1	1
Amount payable for cancellation of units	2,980	355
Custodian transaction costs	9	11
Purchases awaiting settlement	245	1,732
Total other creditors	3,244	2,110

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £Nil).

NOTES TO FINANCIAL STATEMENTS (continued)

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 2021:

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.

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 2021:

	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	87%
13%		

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%		

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 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 2020: 0.12%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	514,439,217
Issued during the year	89,596,205
Cancelled during the year	(42,474,986)
Balance at the end of the year	561,560,436

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 805822.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	119.48	110.25	93.61
Return before operating charges	16.05	9.25	16.66
Operating charges	(0.03)	(0.02)	(0.02)
Return after operating charges	16.02	9.23	16.64
Distributions	(1.79)	(1.91)	(2.14)
Retained distributions on accumulation units	1.79	1.91	2.14
Closing net asset value per unit	135.50	119.48	110.25
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	13.41%	8.37%	17.78%
Other Information			
Closing net asset value (£000's)	1,281,997	866,115	656,677
Closing number of units	946,137,205	724,875,945	595,601,529
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	136.63	119.50	111.30
Lowest bid unit price	119.30	86.59	93.20

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 LIFE PATH 2031-2033

DISTRIBUTION TABLE

for the year ended 31 December 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.7943
Distribution payable 28.2.2022	1.7943
Distribution paid 28.2.2021	1.9065

PORTFOLIO STATEMENT

at 31 December 2021

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 - 98.03%; 31.12.20 98.36%										
Equity Funds - 62.96%; 31.12.20 64.45%										
284,632,611	BlackRock ACS World ESG Equity Tracker Fund		416,510	32.49	CHF 312,168	Swiss franc vs UK sterling		254	(1)	0.00
132,595,666	BlackRock ACS World ESG Screened Equity Tracker Fund		163,788	12.77	GBP 13,589,862	UK sterling vs Australian dollar		(13,647)	(57)	(0.01)
69,193,814	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund		72,434	5.65	GBP 22,293,569	UK sterling vs Canadian dollar		(22,052)	241	0.02
8,992,857	iShares Diversified Commodity Swap UCITS ETF		41,511	3.24	GBP 4,867,483	UK sterling vs Danish krone		(4,803)	65	0.00
9,967,953	iShares Emerging Markets Equity Index Fund (UK)		18,291	1.43	GBP 87,943,233	UK sterling vs Euro		(86,762)	1,181	0.09
1,851,845	iShares Emerging Markets Index Fund (IE)		58,041	4.53	GBP 4,581,166	UK sterling vs Hong Kong dollar		(4,500)	81	0.01
14,920,014	iShares Global Property Securities Equity Index Fund (UK)		36,614	2.85	GBP 1,119,976	UK sterling vs Israel shekel		(1,116)	3	0.00
			807,189	62.96	GBP 62,558,038	UK sterling vs Japanese yen		(60,582)	1,976	0.15
Fixed Income Funds - 35.07%; 31.12.20 33.91%					GBP 34,191	UK sterling vs Korean won		(34)	1	0.00
164,019	iShares Emerging Markets Government Bond Index Fund (LU)		17,789	1.39	GBP 283,057	UK sterling vs New Zealand dollar		(280)	3	0.00
46,742,148	iShares ESG Sterling Corporate Bond Index Fund (UK)		45,611	3.56	GBP 2,091,944	UK sterling vs Norwegian krone		(2,123)	(31)	0.00
45,931,650	iShares Index Linked Gilt Index Fund (UK)		91,128	7.11	GBP 2,125,989	UK sterling vs Singapore dollar		(2,122)	4	0.00
25,469,594	iShares Overseas Corporate Bond Index Fund (UK)		41,184	3.21	GBP 7,495,540	UK sterling vs Swedish krona		(7,365)	131	0.01
95,621,892	iShares Overseas Government Bond Index Fund (UK)		124,595	9.72	GBP 15,742,122	UK sterling vs Swiss franc		(15,655)	87	0.01
94,041,356	iShares UK Gilts All Stocks Index Fund (UK)		129,307	10.08	GBP 476,871,520	UK sterling vs United States dollar		(468,603)	8,269	0.64
			449,614	35.07	USD 4,361,984	United States dollar vs UK sterling		3,237	(30)	0.00
								(682,260)	11,845	0.92
DERIVATIVES - 0.92%; 31.12.20 0.82%										
Forward Currency Contracts - 0.92%; 31.12.20 0.82%										
AUD 402,726	Australian dollar vs UK sterling		217	1	0.00	Portfolio of investments				
CAD 256,023	Canadian dollar vs UK sterling		149	(1)	0.00	Net other assets				
EUR 1,918,753	Euro vs UK sterling		1,612	(22)	0.00	Total net assets				
HKD 1,786,377	Hong Kong dollar vs UK sterling		170	(3)	0.00	1,281,997				
JPY 270,664,911	Japanese yen vs UK sterling		1,745	(53)	0.00	100.00				

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

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 2021

	Notes	£000's	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income				
Net capital gains	3		114,969	54,375
Revenue	4	14,886		12,360
Expenses	5	(108)		(87)
Interest payable and similar charges		(1)		–
Net revenue before taxation		14,777		12,273
Taxation	6	–		–
Net revenue after taxation			14,777	12,273
Total return before distributions			129,746	66,648
Distributions	7		(14,777)	(12,273)
Change in net assets attributable to unitholders from investment activities			114,969	54,375

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	£000's	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders		866,115	656,677
Amounts receivable on issue of units	321,378		153,908
Amounts payable on cancellation of units	(37,442)		(12,665)
		283,936	141,243
Change in net assets attributable to unitholders from investment activities		114,969	54,375
Retained distribution on accumulation units		16,977	13,820
Closing net assets attributable to unitholders		1,281,997	866,115

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		1,268,846	859,695
Current assets			
– Debtors	8	15,934	9,061
– Cash and bank balances		1,546	335
Total assets		1,286,326	869,091
Liabilities:			
Investment liabilities		(198)	(728)
Creditors			
– Other creditors	9	(4,131)	(2,248)
Total liabilities		(4,329)	(2,976)
Net assets attributable to unitholders		1,281,997	866,115

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	110,609	50,877
Forward currency contracts	6,282	2,499
Currency (losses)/gains	(1,897)	992
Custodian transaction costs	(25)	7
Net capital gains	114,969	54,375

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	1	3
Equity distributions on CIS holdings	1,584	1,628
Interest distributions on CIS holdings	4,152	3,220
Overseas dividends	8,186	5,432
Rebate from underlying CIS holdings	173	188
Securities lending revenue	26	24
UK dividends	513	1,690
UK REIT dividends	24	30
US REIT dividends	227	145
Total revenue	14,886	12,360

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(21)	52
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	5	–
– Safe custody fee	4	(32)
– Dividend charges*	107	54
Total expenses	108	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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	16,977	13,820
	16,977	13,820
Add: Amounts deducted on cancellation of units	159	103
Deduct: Amounts received on issue of units	(2,359)	(1,650)
Distributions	14,777	12,273

Details of the final distribution per unit are set out in the table on page 92.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	24	–
Accrued rebate from underlying CIS holdings	137	230
Accrued revenue	9,240	7,301
Amount receivable on issue of units	3,573	1,530
Sales awaiting settlement	2,960	–
Total debtors	15,934	9,061

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	4
Accrued Safe custody fee	1	2
Amount payable for cancellation of units	293	–
Custodian transaction costs	12	11
Purchases awaiting settlement	3,816	2,224
Total other creditors	4,131	2,248

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £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 2021:

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.

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 2021:

	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	68%
32%		

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%		

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 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 2020: 0.12%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	724,875,945
Issued during the year	251,406,441
Cancelled during the year	(30,145,181)
Balance at the end of the year	946,137,205

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 805823.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	119.92	110.70	93.18
Return before operating charges	17.81	9.24	17.54
Operating charges	(0.03)	(0.02)	(0.02)
Return after operating charges	17.78	9.22	17.52
Distributions	(1.88)	(1.97)	(2.21)
Retained distributions on accumulation units	1.88	1.97	2.21
Closing net asset value per unit	137.70	119.92	110.70
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	14.83%	8.33%	18.80%
Other Information			
Closing net asset value (£000's)	855,790	643,309	508,396
Closing number of units	621,494,166	536,468,013	459,275,551
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	138.72	119.90	111.80
Lowest bid unit price	119.70	85.15	92.72

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 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.8763
Distribution payable 28.2.2022	1.8763
Distribution paid 28.2.2021	1.9678

PORTFOLIO STATEMENT

at 31 December 2021

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 - 98.04%; 31.12.20 98.32%									
Equity Funds - 68.93%; 31.12.20 70.25%									
190,705,236	BlackRock ACS World ESG Equity Tracker Fund	279,067	32.61	JPY 219,869,453	Japanese yen vs UK sterling	1,417	(43)	(0.01)	
118,526,320	BlackRock ACS World ESG Screened Equity Tracker Fund	146,408	17.11	CHF 375,124	Swiss franc vs UK sterling	305	(1)	0.00	
51,041,749	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	53,432	6.24	GBP 9,171,133	UK sterling vs Australian dollar	(9,210)	(39)	0.00	
5,245,452	iShares Diversified Commodity Swap UCITS ETF	24,213	2.83	GBP 14,871,608	UK sterling vs Canadian dollar	(14,710)	161	0.02	
4,826,493	iShares Emerging Markets Equity Index Fund (UK)	8,857	1.03	GBP 3,401,152	UK sterling vs Danish krone	(3,356)	45	0.00	
1,593,796	iShares Emerging Markets Index Fund (IE)	49,953	5.84	GBP 55,109,132	UK sterling vs Euro	(54,368)	741	0.09	
11,389,790	iShares Global Property Securities Equity Index Fund (UK)	27,951	3.27	GBP 3,254,448	UK sterling vs Hong Kong dollar	(3,196)	58	0.01	
		589,881	68.93	GBP 775,108	UK sterling vs Israel shekel	(773)	2	0.00	
Fixed Income Funds - 29.11%; 31.12.20 28.07%									
93,178	iShares Emerging Markets Government Bond Index Fund (LU)	10,106	1.18	GBP 39,807,721	UK sterling vs Japanese yen	(38,547)	1,261	0.15	
25,950,903	iShares ESG Sterling Corporate Bond Index Fund (UK)	25,323	2.96	GBP 10,763	UK sterling vs Korean won^	(11)	-	0.00	
26,046,951	iShares Index Linked Gilt Index Fund (UK)	51,677	6.04	GBP 234,215	UK sterling vs New Zealand dollar	(232)	3	0.00	
14,187,664	iShares Overseas Corporate Bond Index Fund (UK)	22,942	2.68	GBP 1,468,077	UK sterling vs Norwegian krone	(1,490)	(22)	0.00	
52,851,072	iShares Overseas Government Bond Index Fund (UK)	68,865	8.04	GBP 1,535,179	UK sterling vs Singapore dollar	(1,532)	3	0.00	
51,093,380	iShares UK Gilts All Stocks Index Fund (UK)	70,253	8.21	GBP 5,199,237	UK sterling vs Swedish krona	(5,108)	91	0.01	
		249,166	29.11	GBP 11,014,919	UK sterling vs Swiss franc	(10,954)	61	0.01	
Holding or Nominal Value	Investment	Underlying Exposure £000's	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
DERIVATIVES - 0.91%; 31.12.20 0.85%									
Forward Currency Contracts - 0.91%; 31.12.20 0.85%									
AUD 494,826	Australian dollar vs UK sterling	266	1	0.00	GBP 316,336,273	United States dollar vs UK sterling	(310,816)	5,520	0.64
CAD 271,740	Canadian dollar vs UK sterling	158	(1)	0.00	USD 5,935,480	United States dollar vs UK sterling	4,405	(40)	(0.01)
DKK 1,070,147	Danish krone vs UK sterling	121	(2)	0.00					
EUR 1,835,194	Euro vs UK sterling	1,541	(20)	0.00					
HKD 1,649,562	Hong Kong dollar vs UK sterling	157	(3)	0.00					
							(445,933)	7,776	0.91

PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
Portfolio of investments		846,823	98.95
Net other assets		8,967	1.05
Total net assets		855,790	100.00

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

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 2021

	Notes	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income			
Net capital gains	3	90,283	40,864
Revenue	4	10,903	9,662
Expenses	5	(77)	(74)
Interest payable and similar charges		(1)	–
Net revenue before taxation		10,825	9,588
Taxation	6	–	–
Net revenue after taxation		10,825	9,588
Total return before distributions		101,108	50,452
Distributions	7	(10,826)	(9,588)
Change in net assets attributable to unitholders from investment activities		90,282	40,864

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders	643,309	508,396
Amounts receivable on issue of units	141,486	91,927
Amounts payable on cancellation of units	(30,948)	(8,435)
	110,538	83,492
Change in net assets attributable to unitholders from investment activities	90,282	40,864
Retained distribution on accumulation units	11,661	10,557
Closing net assets attributable to unitholders	855,790	643,309

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		846,994	638,508
Current assets			
– Debtors	8	9,180	6,653
– Cash and bank balances		500	257
Total assets		856,674	645,418
Liabilities:			
Investment liabilities		(171)	(575)
Creditors			
– Other creditors	9	(713)	(1,534)
Total liabilities		(884)	(2,109)
Net assets attributable to unitholders		855,790	643,309

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	86,409	38,369
Forward currency contracts	5,939	1,557
Currency (losses)/gains	(2,045)	930
Custodian transaction costs	(20)	8
Net capital gains	90,283	40,864

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	1	1
Equity distributions on CIS holdings	1,239	1,190
Interest distributions on CIS holdings	2,601	2,257
Overseas dividends	6,327	4,499
Rebate from underlying CIS holdings	126	148
Securities lending revenue	19	20
UK dividends	393	1,403
UK REIT dividends	18	24
US REIT dividends	179	120
Total revenue	10,903	9,662

NOTES TO FINANCIAL STATEMENTS (continued)

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(22)	47
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	4	–
– Safe custody fee	3	(29)
– Dividend charges [*]	79	43
Total expenses	77	74

[#] 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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	11,661	10,557
	11,661	10,557
Add: Amounts deducted on cancellation of units	114	81
Deduct: Amounts received on issue of units	(949)	(1,050)
Distributions	10,826	9,588
The distributable amount has been calculated as follows:		
Net revenue after taxation	10,825	9,588
Add: Revenue brought forward	1	–
Distributions	10,826	9,588

Details of the final distribution per unit are set out in the table on page 102.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	25	1
Accrued rebate from underlying CIS holdings	103	182
Accrued revenue	6,685	5,906
Amount receivable on issue of units	96	564
Sales awaiting settlement	2,271	–
Total debtors	9,180	6,653

NOTES TO FINANCIAL STATEMENTS (continued)

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	3
Accrued Safe custody fee	1	1
Amount payable for cancellation of units	456	–
Custodian transaction costs	10	11
Purchases awaiting settlement	237	1,512
Total other creditors	713	1,534

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £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 2021:

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.

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 2021:

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 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%

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 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 2020: 0.11%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	536,468,013
Issued during the year	109,967,705
Cancelled during the year	(24,941,552)
Balance at the end of the year	621,494,166

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 805824.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	120.54	111.19	92.74
Return before operating charges	19.69	9.37	18.47
Operating charges	(0.03)	(0.02)	(0.02)
Return after operating charges	19.66	9.35	18.45
Distributions	(1.93)	(2.00)	(2.26)
Retained distributions on accumulation units	1.93	2.00	2.26
Closing net asset value per unit	140.20	120.54	111.19
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	16.31%	8.41%	19.89%
Other Information			
Closing net asset value (£000's)	1,268,771	848,426	610,077
Closing number of units	905,001,815	703,881,929	548,672,561
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	141.21	120.60	112.30
Lowest bid unit price	120.30	83.69	92.23

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 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	1.9297
Distribution payable 28.2.2022	1.9297
Distribution paid 28.2.2021	1.9999

PORTFOLIO STATEMENT

at 31 December 2021

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 - 98.23%; 31.12.20 98.49%									
Equity Funds - 75.12%; 31.12.20 76.38%									
281,875,738	BlackRock ACS World ESG Equity Tracker Fund	412,471	32.51	GBP 13,153,188	UK sterling vs Australian dollar	(13,208)	(55)	(0.01)	
225,500,819	BlackRock ACS World ESG Screened Equity Tracker Fund	278,548	21.96	GBP 21,408,172	UK sterling vs Canadian dollar	(21,176)	232	0.02	
83,261,266	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	87,160	6.87	GBP 4,866,965	UK sterling vs Danish krone	(4,802)	65	0.00	
6,439,524	iShares Diversified Commodity Swap UCITS ETF	29,725	2.34	GBP 73,946,851	UK sterling vs Euro	(72,955)	992	0.08	
8,040,508	iShares Emerging Markets Equity Index Fund (UK)	14,754	1.16	GBP 4,618,488	UK sterling vs Hong Kong dollar	(4,536)	82	0.01	
2,728,023	iShares Emerging Markets Index Fund (IE)	85,502	6.74	GBP 1,179,017	UK sterling vs Israel shekel	(1,175)	4	0.00	
18,308,391	iShares Global Property Securities Equity Index Fund (UK)	44,929	3.54	GBP 54,268,770	UK sterling vs Japanese yen	(52,555)	1,714	0.13	
		953,089	75.12	GBP 11,053	UK sterling vs Korean won^	(11)	-	0.00	
Fixed Income Funds - 23.11%; 31.12.20 22.11%									
105,647	iShares Emerging Markets Government Bond Index Fund (LU)	11,458	0.90	GBP 357,611	UK sterling vs New Zealand dollar	(354)	4	0.00	
29,681,259	iShares ESG Sterling Corporate Bond Index Fund (UK)	28,963	2.28	GBP 2,072,643	UK sterling vs Norwegian krone	(2,103)	(31)	0.00	
32,737,487	iShares Index Linked Gilt Index Fund (UK)	64,951	5.12	GBP 2,163,013	UK sterling vs Singapore dollar	(2,159)	4	0.00	
16,451,300	iShares Overseas Corporate Bond Index Fund (UK)	26,602	2.10	GBP 7,664,546	UK sterling vs Swedish krona	(7,531)	134	0.01	
60,444,608	iShares Overseas Government Bond Index Fund (UK)	78,759	6.21	GBP 16,327,053	UK sterling vs Swiss franc	(16,237)	90	0.01	
59,985,892	iShares UK Gilts All Stocks Index Fund (UK)	82,481	6.50	GBP 454,999,433	UK sterling vs United States dollar	(447,118)	7,881	0.62	
		293,214	23.11	USD 4,708,360	United States dollar vs UK sterling	3,494	(32)	0.00	
						(638,655)	11,016	0.87	
DERIVATIVES - 0.87%; 31.12.20 0.87%				Portfolio of investments					
Forward Currency Contracts - 0.87%; 31.12.20 0.87%				Net other assets					
AUD 490,674	Australian dollar vs UK sterling	264	1	0.00				11,452	0.90
CAD 278,736	Canadian dollar vs UK sterling	162	(1)	0.00				1,268,771	100.00
DKK 1,080,902	Danish krone vs UK sterling	122	(2)	0.00					
EUR 1,853,285	Euro vs UK sterling	1,557	(21)	0.00	Underlying exposure has been calculated according to the guidelines issued by the European Securities and Markets Authority ("ESMA") (as adopted by the FCA) and represents the market value of an equivalent position in the assets underlying each financial derivative instrument.				
JPY 220,675,679	Japanese yen vs UK sterling	1,422	(44)	0.00	All underlying funds are managed by a related party.				
CHF 300,779	Swiss franc vs UK sterling	244	(1)	0.00	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 2021

	Notes	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income			
Net capital gains	3	137,739	55,983
Revenue	4	15,460	12,359
Expenses	5	(117)	(98)
Interest payable and similar charges		(1)	–
Net revenue before taxation		15,342	12,261
Taxation	6	–	–
Net revenue after taxation		15,342	12,261
Total return before distributions		153,081	68,244
Distributions	7	(15,342)	(12,261)
Change in net assets attributable to unitholders from investment activities		137,739	55,983

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders	848,426	610,077
Amounts receivable on issue of units	302,874	174,039
Amounts payable on cancellation of units	(37,732)	(5,750)
	265,142	168,289
Change in net assets attributable to unitholders from investment activities	137,739	55,983
Retained distribution on accumulation units	17,464	14,077
Closing net assets attributable to unitholders	1,268,771	848,426

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		1,257,506	843,766
Current assets			
– Debtors	8	12,099	11,300
– Cash and bank balances		1,603	806
Total assets		1,271,208	855,872
Liabilities:			
Investment liabilities		(187)	(758)
Creditors			
– Other creditors	9	(2,250)	(6,688)
Total liabilities		(2,437)	(7,446)
Net assets attributable to unitholders		1,268,771	848,426

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	132,477	51,636
Forward currency contracts	6,502	3,421
Currency (losses)/gains	(1,214)	923
Custodian transaction costs	(26)	3
Net capital gains	137,739	55,983

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	2	2
Equity distributions on CIS holdings	1,877	1,591
Interest distributions on CIS holdings	2,911	2,263
Overseas dividends	9,567	6,150
Rebate from underlying CIS holdings	174	192
Securities lending revenue	27	27
UK dividends	598	1,935
UK REIT dividends	26	34
US REIT dividends	278	165
Total revenue	15,460	12,359

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(24)	52
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	7	6
Other expenses:		
– Audit fee	7	7
– Legal fee	4	–
– Safe custody fee	4	(33)
– Dividend charges [*]	119	66
Total expenses	117	98

[#] 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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	17,464	14,077
	17,464	14,077
Add: Amounts deducted on cancellation of units	95	51
Deduct: Amounts received on issue of units	(2,217)	(1,867)
Distributions	15,342	12,261

Details of the final distribution per unit are set out in the table on page 114.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	28	1
Accrued rebate from underlying CIS holdings	139	234
Accrued revenue	10,673	8,430
Amount receivable on issue of units	1,259	2,635
Total debtors	12,099	11,300

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	3	4
Accrued Safe custody fee	1	2
Amount payable for cancellation of units	129	–
Custodian transaction costs	11	12
Purchases awaiting settlement	2,099	6,663
Total other creditors	2,250	6,688

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £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 2021:

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.

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 2021:

	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	65%
35%		

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%		

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.

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

For the year ended 31 December 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 2020: 0.11%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	703,881,929
Issued during the year	231,542,570
Cancelled during the year	(30,422,684)
Balance at the end of the year	905,001,815

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 805825.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	120.83	111.61	92.30
Return before operating charges	21.44	9.24	19.33
Operating charges	(0.03)	(0.02)	(0.02)
Return after operating charges	21.41	9.22	19.31
Distributions	(2.03)	(2.07)	(2.35)
Retained distributions on accumulation units	2.03	2.07	2.35
Closing net asset value per unit	142.24	120.83	111.61
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	17.72%	8.26%	20.92%
Other Information			
Closing net asset value (£000's)	703,874	517,142	414,088
Closing number of units	494,846,852	427,988,090	371,001,390
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	143.24	120.90	112.70
Lowest bid unit price	120.60	81.82	91.75

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 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.0278
Distribution payable 28.2.2022	2.0278
Distribution paid 28.2.2021	2.0670

PORTFOLIO STATEMENT

at 31 December 2021

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 - 98.20%; 31.12.20 98.37%								
Equity Funds - 80.69%; 31.12.20 82.11%								
155,960,572	BlackRock ACS World ESG Equity Tracker Fund	228,225	32.42	JPY 118,956,898	Japanese yen vs UK sterling	767	(24)	(0.01)
149,774,604	BlackRock ACS World ESG Screened Equity Tracker Fund	185,007	26.28	CHF 268,231	Swiss franc vs UK sterling	218	(1)	0.00
49,991,848	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	52,333	7.44	GBP 7,207,286	UK sterling vs Australian dollar	(7,238)	(31)	(0.01)
2,740,314	iShares Diversified Commodity Swap UCITS ETF	12,649	1.80	GBP 11,533,807	UK sterling vs Canadian dollar	(11,409)	125	0.02
4,465,341	iShares Emerging Markets Equity Index Fund (UK)	8,194	1.16	GBP 2,750,117	UK sterling vs Danish krone	(2,714)	37	0.00
1,721,988	iShares Emerging Markets Index Fund (IE)	53,970	7.67	GBP 37,996,383	UK sterling vs Euro	(37,486)	510	0.07
11,240,176	iShares Global Property Securities Equity Index Fund (UK)	27,584	3.92	GBP 2,702,507	UK sterling vs Hong Kong dollar	(2,654)	48	0.01
		567,962	80.69	GBP 673,613	UK sterling vs Israel shekel	(672)	2	0.00
Fixed Income Funds - 17.51%; 31.12.20 16.26%								
44,861	iShares Emerging Markets Government Bond Index Fund (LU)	4,866	0.69	GBP 28,256,320	UK sterling vs Japanese yen	(27,362)	896	0.13
12,604,131	iShares ESG Sterling Corporate Bond Index Fund (UK)	12,299	1.75	GBP 4,954	UK sterling vs Korean won^	(5)	-	0.00
14,211,529	iShares Index Linked Gilt Index Fund (UK)	28,196	4.01	GBP 235,523	UK sterling vs New Zealand dollar	(233)	2	0.00
6,846,607	iShares Overseas Corporate Bond Index Fund (UK)	11,071	1.57	GBP 1,172,974	UK sterling vs Norwegian krone	(1,190)	(17)	0.00
25,170,803	iShares Overseas Government Bond Index Fund (UK)	32,798	4.66	GBP 1,251,503	UK sterling vs Singapore dollar	(1,249)	2	0.00
24,734,663	iShares UK Gilts All Stocks Index Fund (UK)	34,010	4.83	GBP 4,290,785	UK sterling vs Swedish krona	(4,216)	75	0.01
		123,240	17.51	GBP 9,185,272	UK sterling vs Swiss franc	(9,134)	51	0.01
				GBP 245,906,683	UK sterling vs United States dollar	(241,618)	4,288	0.61
DERIVATIVES - 0.84%; 31.12.20 0.91%								
Forward Currency Contracts - 0.84%; 31.12.20 0.91%								
AUD 431,021	Australian dollar vs UK sterling	232	1	USD 3,181,987	United States dollar vs UK sterling	2,361	(22)	0.00
CAD 188,230	Canadian dollar vs UK sterling	110	(1)					
DKK 822,010	Danish krone vs UK sterling	93	(1)					
EUR 1,166,370	Euro vs UK sterling	980	(13)					
HKD 1,284,073	Hong Kong dollar vs UK sterling	122	(2)					
						(342,297)	5,925	0.84

PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
Portfolio of investments		697,127	99.04
Net other assets		6,747	0.96
Total net assets		703,874	100.00

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

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 2021

	Notes	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income			
Net capital gains	3	87,207	33,047
Revenue	4	9,359	8,227
Expenses	5	(64)	(75)
Interest payable and similar charges		(1)	–
Net revenue before taxation		9,294	8,152
Taxation	6	–	–
Net revenue after taxation		9,294	8,152
Total return before distributions		96,501	41,199
Distributions	7	(9,294)	(8,152)
Change in net assets attributable to unitholders from investment activities		87,207	33,047

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders	517,142	414,088
Amounts receivable on issue of units	117,785	65,333
Amounts payable on cancellation of units	(28,295)	(4,173)
	89,490	61,160
Change in net assets attributable to unitholders from investment activities	87,207	33,047
Retained distribution on accumulation units	10,035	8,847
Closing net assets attributable to unitholders	703,874	517,142

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		697,239	513,932
Current assets			
– Debtors	8	7,003	6,601
– Cash and bank balances		733	253
Total assets		704,975	520,786
Liabilities:			
Investment liabilities		(112)	(486)
Creditors			
– Other creditors	9	(989)	(3,158)
Total liabilities		(1,101)	(3,644)
Net assets attributable to unitholders		703,874	517,142

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	83,399	31,120
Forward currency contracts	4,113	955
Currency (losses)/gains	(285)	962
Custodian transaction costs	(20)	10
Net capital gains	87,207	33,047

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	1	1
Equity distributions on CIS holdings	1,244	1,133
Interest distributions on CIS holdings	1,432	1,184
Overseas dividends	5,998	4,277
Rebate from underlying CIS holdings	103	128
Securities lending revenue	17	19
UK dividends	371	1,346
UK REIT dividends	16	24
US REIT dividends	177	115
Total revenue	9,359	8,227

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(26)	49
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	3	–
– Safe custody fee	2	(31)
– Dividend charges [*]	72	44
Total expenses	64	74

[#] 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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	10,035	8,847
	10,035	8,847
Add: Amounts deducted on cancellation of units	74	33
Deduct: Amounts received on issue of units	(815)	(728)
Distributions	9,294	8,152

Details of the final distribution per unit are set out in the table on page 124.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	31	1
Accrued rebate from underlying CIS holdings	85	158
Accrued revenue	6,320	5,545
Amount receivable on issue of units	567	897
Total debtors	7,003	6,601

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	4
Accrued Safe custody fee	1	1
Custodian transaction costs	9	11
Purchases awaiting settlement	970	3,135
Total other creditors	989	3,158

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £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 2021:

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

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related Parties (continued)

The ultimate holding company of the Manager, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA.

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 2021:

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 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%

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 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £Nil).

NOTES TO FINANCIAL STATEMENTS (continued)

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 0.08% (31 December 2020: 0.10%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	427,988,090
Issued during the year	89,506,632
Cancelled during the year	(22,647,870)
Balance at the end of the year	494,846,852

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 805826.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	121.20	112.00	91.90
Return before operating charges	23.35	9.22	20.12
Operating charges	(0.03)	(0.02)	(0.02)
Return after operating charges	23.32	9.20	20.10
Distributions	(2.08)	(2.11)	(2.39)
Retained distributions on accumulation units	2.08	2.11	2.39
Closing net asset value per unit	144.52	121.20	112.00
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	19.24%	8.21%	21.87%
Other Information			
Closing net asset value (£000's)	1,013,404	665,657	482,395
Closing number of units	701,215,858	549,218,023	430,697,893
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	145.55	121.30	113.20
Lowest bid unit price	120.90	80.03	91.29

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 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.0833
Distribution payable 28.2.2022	2.0833
Distribution paid 28.2.2021	2.1081

PORTFOLIO STATEMENT

at 31 December 2021

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 - 98.42%; 31.12.20 98.59%											
Equity Funds - 86.75%; 31.12.20 88.42%											
224,760,699	BlackRock ACS World ESG Equity Tracker Fund		328,899	32.45	CHF 134,139	Swiss franc vs UK sterling^		109	-	0.00	
252,608,906	BlackRock ACS World ESG Screened Equity Tracker Fund		312,033	30.79	GBP 9,929,298	UK sterling vs Australian dollar	(9,971)	(42)	(0.01)		
78,656,649	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund		82,340	8.12	GBP 16,071,664	UK sterling vs Canadian dollar	(15,898)	174	0.02		
2,917,178	iShares Diversified Commodity Swap UCITS ETF		13,466	1.33	GBP 3,785,403	UK sterling vs Danish krone	(3,735)	50	0.00		
7,167,968	iShares Emerging Markets Equity Index Fund (UK)		13,153	1.30	GBP 49,596,256	UK sterling vs Euro	(48,932)	664	0.06		
2,753,573	iShares Emerging Markets Index Fund (IE)		86,303	8.52	GBP 3,758,208	UK sterling vs Hong Kong dollar	(3,691)	67	0.01		
17,497,718	iShares Global Property Securities Equity Index Fund (UK)		42,939	4.24	GBP 914,900	UK sterling vs Israel shekel	(912)	3	0.00		
			879,133	86.75	GBP 37,200,624	UK sterling vs Japanese yen	(36,025)	1,176	0.12		
Fixed Income Funds - 11.67%; 31.12.20 10.17%					GBP 3,931	UK sterling vs Korean won^	(4)	-	0.00		
39,990	iShares Emerging Markets Government Bond Index Fund (LU)		4,337	0.43	GBP 342,718	UK sterling vs New Zealand dollar	(339)	4	0.00		
11,329,262	iShares ESG Sterling Corporate Bond Index Fund (UK)		11,055	1.09	GBP 1,597,183	UK sterling vs Norwegian krone	(1,621)	(23)	0.00		
14,916,698	iShares Index Linked Gilt Index Fund (UK)		29,595	2.92	GBP 1,768,273	UK sterling vs Singapore dollar	(1,765)	3	0.00		
6,199,841	iShares Overseas Corporate Bond Index Fund (UK)		10,025	0.99	GBP 5,953,544	UK sterling vs Swedish krona	(5,849)	104	0.01		
24,070,671	iShares Overseas Government Bond Index Fund (UK)		31,364	3.09	GBP 12,946,300	UK sterling vs Swiss franc	(12,875)	72	0.01		
23,222,977	iShares UK Gilts All Stocks Index Fund (UK)		31,932	3.15	GBP 340,898,935	UK sterling vs United States dollar	(334,983)	5,916	0.58		
			118,308	11.67	USD 4,020,471	United States dollar vs UK sterling	2,983	(28)	0.00		
							(471,149)	8,102	0.80		
DERIVATIVES - 0.80%; 31.12.20 0.93%											
Forward Currency Contracts - 0.80%; 31.12.20 0.93%											
AUD 418,621	Australian dollar vs UK sterling	225	1	0.00	Portfolio of investments					1,005,543	99.22
CAD 241,469	Canadian dollar vs UK sterling	141	(1)	0.00	Net other assets					7,861	0.78
EUR 1,460,452	Euro vs UK sterling	1,227	(17)	0.00	Total net assets					1,013,404	100.00
HKD 1,320,339	Hong Kong dollar vs UK sterling	126	(2)	0.00	Underlying exposure has been calculated according to the guidelines issued by the European Securities and Markets Authority ("ESMA") (as adopted by the FCA) and represents the market value of an equivalent position in the assets underlying each financial derivative instrument.						
JPY 99,345,271	Japanese yen vs UK sterling	640	(19)	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 2021

	Notes	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income			
Net capital gains	3	128,000	44,632
Revenue	4	12,993	10,327
Expenses	5	(94)	(93)
Interest payable and similar charges		(1)	–
Net revenue before taxation		12,898	10,234
Taxation	6	–	–
Net revenue after taxation		12,898	10,234
Total return before distributions		140,898	54,866
Distributions	7	(12,896)	(10,234)
Change in net assets attributable to unitholders from investment activities		128,002	44,632

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders	665,657	482,395
Amounts receivable on issue of units	234,607	131,013
Amounts payable on cancellation of units	(29,470)	(3,961)
	205,137	127,052
Change in net assets attributable to unitholders from investment activities	128,002	44,632
Retained distribution on accumulation units	14,608	11,578
Closing net assets attributable to unitholders	1,013,404	665,657

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		1,005,675	663,119
Current assets			
– Debtors	8	11,966	10,003
– Cash and bank balances		1,767	272
Total assets		1,019,408	673,394
Liabilities:			
Investment liabilities		(132)	(639)
Creditors			
– Other creditors	9	(5,872)	(7,098)
Total liabilities		(6,004)	(7,737)
Net assets attributable to unitholders		1,013,404	665,657

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	122,776	41,244
Forward currency contracts	5,604	2,490
Currency (losses)/gains	(355)	891
Custodian transaction costs	(25)	7
Net capital gains	128,000	44,632

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	1	2
Equity distributions on CIS holdings	1,780	1,479
Interest distributions on CIS holdings	1,458	1,053
Overseas dividends	8,762	5,632
Rebate from underlying CIS holdings	139	162
Securities lending revenue	24	25
UK dividends	543	1,790
UK REIT dividends	23	32
US REIT dividends	263	152
Total revenue	12,993	10,327

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(29)	53
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	3	–
– Safe custody fee	3	(36)
– Dividend charges [*]	104	63
Total expenses	94	93

[#] 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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	14,608	11,578
	14,608	11,578
Add: Amounts deducted on cancellation of units	67	34
Deduct: Amounts received on issue of units	(1,779)	(1,378)
Distributions	12,896	10,234

Details of the final distribution per unit are set out in the table on page 135.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	34	2
Accrued rebate from underlying CIS holdings	113	198
Accrued revenue	9,672	7,642
Amount receivable on issue of units	2,147	2,161
Total debtors	11,966	10,003

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	3
Accrued Safe custody fee	1	1
Custodian transaction costs	11	13
Purchases awaiting settlement	5,851	7,074
Total other creditors	5,872	7,098

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £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 2021:

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.

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 2021:

	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	64%
36%		

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%		

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.

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

For the year ended 31 December 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 0.08% (31 December 2020: 0.10%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	549,218,023
Issued during the year	175,578,042
Cancelled during the year	(23,580,207)
Balance at the end of the year	701,215,858

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 805827.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	121.53	112.33	91.54
Return before operating charges	24.76	9.22	20.81
Operating charges	(0.03)	(0.02)	(0.02)
Return after operating charges	24.73	9.20	20.79
Distributions	(2.18)	(2.17)	(2.46)
Retained distributions on accumulation units	2.18	2.17	2.46
Closing net asset value per unit	146.26	121.53	112.33
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	20.35%	8.19%	22.71%
Other Information			
Closing net asset value (£000's)	556,901	397,482	311,383
Closing number of units	380,761,939	327,072,385	277,200,131
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	147.30	121.70	113.50
Lowest bid unit price	121.20	78.71	90.88

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 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.1753
Distribution payable 28.2.2022	2.1753
Distribution paid 28.2.2021	2.1652

PORTFOLIO STATEMENT

at 31 December 2021

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%; 31.12.20 98.55%								
Equity Funds - 92.02%; 31.12.20 93.12%								
490,881	BlackRock ACS UK Equity Tracker Fund	570	0.10	HKD 882,260	Hong Kong dollar vs UK sterling	84	(2)	0.00
123,514,592	BlackRock ACS World ESG Equity Tracker Fund	180,743	32.45	JPY 76,954,370	Japanese yen vs UK sterling	496	(15)	0.00
146,827,877	BlackRock ACS World ESG Screened Equity Tracker Fund	181,368	32.57	CHF 158,270	Swiss franc vs UK sterling	129	(1)	0.00
7,005,008	BlackRock ACS World Ex UK Equity Tracker Fund	12,851	2.31	GBP 5,313,312	UK sterling vs Australian dollar	(5,336)	(22)	(0.01)
45,687,747	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	47,827	8.59	GBP 8,472,794	UK sterling vs Canadian dollar	(8,381)	91	0.01
966,201	iShares Diversified Commodity Swap UCITS ETF	4,460	0.80	GBP 2,057,733	UK sterling vs Danish krone	(2,030)	27	0.00
3,925,604	iShares Emerging Markets Equity Index Fund (UK)	7,204	1.29	GBP 24,984,852	UK sterling vs Euro	(24,649)	336	0.06
1,662,607	iShares Emerging Markets Index Fund (IE)	52,109	9.36	GBP 2,074,412	UK sterling vs Hong Kong dollar	(2,038)	37	0.01
10,315,256	iShares Global Property Securities Equity Index Fund (UK)	25,314	4.55	GBP 486,410	UK sterling vs Israel shekel	(485)	2	0.00
		512,446	92.02	GBP 19,193,626	UK sterling vs Japanese yen	(18,586)	608	0.11
Fixed Income Funds - 6.48%; 31.12.20 5.43%								
12,046	iShares Emerging Markets Government Bond Index Fund (LU)	1,306	0.23	GBP 102,822	UK sterling vs Korean won	(101)	2	0.00
3,466,504	iShares ESG Sterling Corporate Bond Index Fund (UK)	3,383	0.61	GBP 168,912	UK sterling vs New Zealand dollar	(167)	2	0.00
4,975,906	iShares Index Linked Gilt Index Fund (UK)	9,872	1.77	GBP 899,358	UK sterling vs Norwegian krone	(913)	(13)	0.00
1,895,973	iShares Overseas Corporate Bond Index Fund (UK)	3,066	0.55	GBP 8,316	UK sterling vs Polish zloty^	(8)	-	0.00
7,002,288	iShares Overseas Government Bond Index Fund (UK)	9,124	1.64	GBP 931,363	UK sterling vs Singapore dollar	(930)	1	0.00
6,810,294	iShares UK Gilts All Stocks Index Fund (UK)	9,364	1.68	GBP 3,263,173	UK sterling vs Swedish krona	(3,206)	57	0.01
		36,115	6.48	GBP 7,031,529	UK sterling vs Swiss franc	(6,992)	39	0.01
DERIVATIVES - 0.76%; 31.12.20 0.96%								
Forward Currency Contracts - 0.76%; 31.12.20 0.96%								
AUD 311,048	Australian dollar vs UK sterling	167	1	GBP 179,637,852	UK sterling vs United States dollar	(176,507)	3,131	0.56
CAD 141,514	Canadian dollar vs UK sterling	82	(1)	USD 2,816,426	United States dollar vs UK sterling	2,090	(19)	0.00
DKK 545,361	Danish krone vs UK sterling	62	(1)					
EUR 856,416	Euro vs UK sterling	719	(10)					
						(246,500)	4,250	0.76

PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
Portfolio of investments		552,811	99.26
Net other assets		4,090	0.74
Total net assets		556,901	100.00

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

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 2021

	Notes	£000's	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income				
Net capital gains	3		77,521	26,335
Revenue	4	7,683		6,586
Expenses	5	(49)		(70)
Interest payable and similar charges		(1)		–
Net revenue before taxation		7,633		6,516
Taxation	6	–		–
Net revenue after taxation			7,633	6,516
Total return before distributions			85,154	32,851
Distributions	7		(7,633)	(6,516)
Change in net assets attributable to unitholders from investment activities			77,521	26,335

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	£000's	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders		397,482	311,383
Amounts receivable on issue of units	96,060		54,180
Amounts payable on cancellation of units	(22,445)		(1,498)
		73,615	52,682
Change in net assets attributable to unitholders from investment activities		77,521	26,335
Retained distribution on accumulation units		8,283	7,082
Closing net assets attributable to unitholders		556,901	397,482

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		552,895	395,960
Current assets			
– Debtors	8	6,465	6,006
– Cash and bank balances		713	135
Total assets		560,073	402,101
Liabilities:			
Investment liabilities		(84)	(402)
Creditors			
– Other creditors	9	(3,088)	(4,217)
Total liabilities		(3,172)	(4,619)
Net assets attributable to unitholders		556,901	397,482

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	74,331	24,673
Forward currency contracts	3,332	913
Currency (losses)/gains	(122)	740
Custodian transaction costs	(20)	9
Net capital gains	77,521	26,335

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	1	1
Equity distributions on CIS holdings	1,108	983
Interest distributions on CIS holdings	661	511
Overseas dividends	5,317	3,679
Rebate from underlying CIS holdings	80	103
Securities lending revenue	15	16
UK dividends	329	1,173
UK REIT dividends	13	21
US REIT dividends	159	99
Total revenue	7,683	6,586

NOTES TO FINANCIAL STATEMENTS (continued)

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(30)	48
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	2	–
– Safe custody fee	2	(31)
– Dividend charge [*]	62	40
Total expenses	49	70

[#] 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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	8,283	7,082
	8,283	7,082
Add: Amounts deducted on cancellation of units	46	16
Deduct: Amounts received on issue of units	(696)	(582)
Distributions	7,633	6,516

Details of the final distribution per unit are set out in the table on page 145.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	38	1
Accrued rebate from underlying CIS holdings	67	126
Accrued revenue	5,662	4,801
Amount receivable on issue of units	698	1,078
Total debtors	6,465	6,006

NOTES TO FINANCIAL STATEMENTS (continued)

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depository's fee	2	3
Accrued Safe custody fee	–	1
Custodian transaction costs	11	12
Purchases awaiting settlement	3,068	4,194
Total other creditors	3,088	4,217

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £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 2021:

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.

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 2021:

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 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%

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 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 0.07% (31 December 2020: 0.09%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	327,072,385
Issued during the year	71,616,884
Cancelled during the year	(17,927,330)
Balance at the end of the year	380,761,939

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 805828.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	121.85	112.61	91.32
Return before operating charges	25.93	9.26	21.31
Operating charges	(0.03)	(0.02)	(0.02)
Return after operating charges	25.90	9.24	21.29
Distributions	(2.21)	(2.19)	(2.49)
Retained distributions on accumulation units	2.21	2.19	2.49
Closing net asset value per unit	147.75	121.85	112.61
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	21.26%	8.21%	23.31%
Other Information			
Closing net asset value (£000's)	718,556	457,873	318,992
Closing number of units	486,333,826	375,782,900	283,261,652
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	148.81	122.00	113.80
Lowest bid unit price	121.50	77.90	90.63

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 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.2143
Distribution payable 28.2.2022	2.2143
Distribution paid 28.2.2021	2.1861

PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
Portfolio of investments		714,529	99.44
Net other assets		4,027	0.56
Total net assets		718,556	100.00

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

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 2021

	Notes	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income			
Net capital gains	3	97,829	32,411
Revenue	4	9,485	7,249
Expenses	5	(59)	(78)
Interest payable and similar charges		–	–
Net revenue before taxation		9,426	7,171
Taxation	6	–	–
Net revenue after taxation		9,426	7,171
Total return before distributions		107,255	39,582
Distributions	7	(9,426)	(7,171)
Change in net assets attributable to unitholders from investment activities		97,829	32,411

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders	457,873	318,992
Amounts receivable on issue of units	173,984	99,251
Amounts payable on cancellation of units	(21,899)	(996)
	152,085	98,255
Change in net assets attributable to unitholders from investment activities	97,829	32,411
Retained distribution on accumulation units	10,769	8,215
Closing net assets attributable to unitholders	718,556	457,873

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		714,621	455,970
Current assets			
– Debtors	8	9,337	7,306
– Cash and bank balances		1,522	213
Total assets		725,480	463,489
Liabilities:			
Investment liabilities		(92)	(466)
Creditors			
– Other creditors	9	(6,832)	(5,150)
Total liabilities		(6,924)	(5,616)
Net assets attributable to unitholders		718,556	457,873

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	93,768	29,581
Forward currency contracts	4,145	2,292
Currency (losses)/gains	(60)	529
Custodian transaction costs	(24)	9
Net capital gains	97,829	32,411

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	3	1
Equity distributions on CIS holdings	1,388	1,089
Interest distributions on CIS holdings	619	419
Overseas dividends	6,727	4,148
Rebate from underlying CIS holdings	95	114
Securities lending revenue	19	18
UK dividends	416	1,324
UK REIT dividends	17	24
US REIT dividends	201	112
Total revenue	9,485	7,249

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(35)	56
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	2	–
– Safe custody fee	2	(39)
– Dividend charges [*]	77	48
Total expenses	59	78

[#] 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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	10,769	8,215
	10,769	8,215
Add: Amounts deducted on cancellation of units	34	11
Deduct: Amounts received on issue of units	(1,377)	(1,055)
Distributions	9,426	7,171

Details of the final distribution per unit are set out in the table on page 157.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	45	2
Accrued rebate from underlying CIS holdings	78	138
Accrued revenue	7,632	5,749
Amount receivable on issue of units	1,582	1,417
Total debtors	9,337	7,306

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	3
Accrued Safe custody fee	1	1
Amount payable for cancellation of units	181	–
Custodian transaction costs	13	15
Purchases awaiting settlement	6,628	5,124
Total other creditors	6,832	5,150

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £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 2021:

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.

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 2021:

	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	65%
35%		

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%		

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.

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

For the year ended 31 December 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 0.07% (31 December 2020: 0.09%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	375,782,900
Issued during the year	128,114,402
Cancelled during the year	(17,563,476)
Balance at the end of the year	486,333,826

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 805829.

Performance Record

Comparative Table

	X1 Accumulation Units		
	For the year to 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	121.94	112.74	91.21
Return before operating charges	26.42	9.22	21.55
Operating charges	(0.03)	(0.02)	(0.02)
Return after operating charges	26.39	9.20	21.53
Distributions	(2.26)	(2.22)	(2.53)
Retained distributions on accumulation units	2.26	2.22	2.53
Closing net asset value per unit	148.33	121.94	112.74
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	21.64%	8.16%	23.60%
Other Information			
Closing net asset value (£000's)	361,946	251,968	185,522
Closing number of units	244,017,642	206,626,813	164,553,511
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	149.40	122.10	113.90
Lowest bid unit price	121.60	77.44	90.50

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 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.2559
Distribution payable 28.2.2022	2.2559
Distribution paid 28.2.2021	2.2194

PORTFOLIO STATEMENT

at 31 December 2021

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 - 98.82%; 31.12.20 98.46%										
Equity Funds - 98.15%; 31.12.20 98.07%										
951,667	BlackRock ACS UK Equity Tracker Fund		1,105	0.31	HKD 504,494	Hong Kong dollar vs UK sterling		48	(1)	0.00
80,249,947	BlackRock ACS World ESG Equity Tracker Fund		117,433	32.44	JPY 38,897,949	Japanese yen vs UK sterling		251	(8)	0.00
95,424,705	BlackRock ACS World ESG Screened Equity Tracker Fund		117,873	32.57	CHF 59,030	Swiss franc vs UK sterling^		48	-	0.00
13,589,640	BlackRock ACS World Ex UK Equity Tracker Fund		24,929	6.89	GBP 3,307,005	UK sterling vs Australian dollar		(3,321)	(14)	0.00
31,843,427	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund		33,335	9.21	GBP 5,215,704	UK sterling vs Canadian dollar		(5,159)	56	0.01
126,147	iShares Diversified Commodity Swap UCITS ETF		582	0.16	GBP 1,278,622	UK sterling vs Danish krone		(1,262)	17	0.00
2,961,882	iShares Emerging Markets Equity Index Fund (UK)		5,435	1.50	GBP 14,702,238	UK sterling vs Euro		(14,505)	198	0.05
1,172,116	iShares Emerging Markets Index Fund (IE)		36,736	10.15	GBP 1,315,229	UK sterling vs Hong Kong dollar		(1,292)	23	0.01
7,255,351	iShares Global Property Securities Equity Index Fund (UK)		17,805	4.92	GBP 329,623	UK sterling vs Israel shekel		(328)	1	0.00
			355,233	98.15	GBP 11,486,282	UK sterling vs Japanese yen		(11,122)	364	0.10
Fixed Income Funds - 0.67%; 31.12.20 0.39%										
284	iShares Emerging Markets Government Bond Index Fund (LU)		31	0.01	GBP 215,507	UK sterling vs Korean won		(212)	4	0.00
131,297	iShares ESG Sterling Corporate Bond Index Fund (UK)		128	0.04	GBP 110,086	UK sterling vs New Zealand dollar		(109)	1	0.00
696,779	iShares Index Linked Gilt Index Fund (UK)		1,382	0.38	GBP 542,174	UK sterling vs Norwegian krone		(550)	(8)	0.00
72,065	iShares Overseas Corporate Bond Index Fund (UK)		117	0.03	GBP 13,599	UK sterling vs Polish zloty^		(14)	-	0.00
291,003	iShares Overseas Government Bond Index Fund (UK)		379	0.10	GBP 609,695	UK sterling vs Singapore dollar		(609)	1	0.00
288,605	iShares UK Gilts All Stocks Index Fund (UK)		397	0.11	GBP 2,047,469	UK sterling vs Swedish krona		(2,012)	36	0.01
			2,434	0.67	GBP 4,419,613	UK sterling vs Swiss franc		(4,395)	25	0.01
DERIVATIVES - 0.72%; 31.12.20 0.99%										
Forward Currency Contracts - 0.72%; 31.12.20 0.99%										
AUD 181,421	Australian dollar vs UK sterling^		98	-	GBP 111,171,362	UK sterling vs United States dollar		(109,237)	1,934	0.53
CAD 92,139	Canadian dollar vs UK sterling^		54	-	USD 1,827,760	United States dollar vs UK sterling		1,356	(13)	0.00
EUR 528,565	Euro vs UK sterling		444	(6)				(151,828)	2,610	0.72

PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
Portfolio of investments		360,277	99.54
Net other assets		1,669	0.46
Total net assets		361,946	100.00

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

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 2021

	Notes	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income			
Net capital gains	3	52,620	17,456
Revenue	4	5,056	4,126
Expenses	5	(29)	(27)
Interest payable and similar charges		–	–
Net revenue before taxation		5,027	4,099
Taxation	6	–	–
Net revenue after taxation		5,027	4,099
Total return before distributions		57,647	21,555
Distributions	7	(5,027)	(4,099)
Change in net assets attributable to unitholders from investment activities		52,620	17,456

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders	251,968	185,522
Amounts receivable on issue of units	65,620	45,140
Amounts payable on cancellation of units	(13,767)	(736)
	51,853	44,404
Change in net assets attributable to unitholders from investment activities	52,620	17,456
Retained distribution on accumulation units	5,505	4,586
Closing net assets attributable to unitholders	361,946	251,968

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		360,327	250,866
Current assets			
– Debtors	8	4,527	4,103
– Cash and bank balances		762	131
Total assets		365,616	255,100
Liabilities:			
Investment liabilities		(50)	(260)
Creditors			
– Other creditors	9	(3,620)	(2,872)
Total liabilities		(3,670)	(3,132)
Net assets attributable to unitholders		361,946	251,968

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	50,329	16,098
Forward currency contracts	2,270	988
Currency gains	37	373
Custodian transaction costs	(16)	(3)
Net capital gains	52,620	17,456

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	2	1
Equity distributions on CIS holdings	748	631
Interest distributions on CIS holdings	288	212
Overseas dividends	3,617	2,371
Rebate from underlying CIS holdings	51	64
Securities lending revenue	10	10
UK dividends	223	760
UK REIT dividends	9	13
US REIT dividends	108	64
Total revenue	5,056	4,126

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate [#]	(27)	17
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Audit fee	7	7
– Legal fee	1	–
– Safe custody fee	1	(30)
– Dividend charges [*]	41	27
Total expenses	29	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.

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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	5,505	4,586
	5,505	4,586
Add: Amounts deducted on cancellation of units	20	6
Deduct: Amounts received on issue of units	(498)	(493)
Distributions	5,027	4,099

Details of the final distribution per unit are set out in the table on page 168.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Manager's charge rebates	37	23
Accrued rebate from underlying CIS holdings	42	78
Accrued revenue	3,946	3,223
Amount receivable on issue of units	502	779
Total debtors	4,527	4,103

9. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	4
Amount payable for cancellation of units	43	19
Custodian transaction costs	10	12
Purchases awaiting settlement	3,558	2,830
Total other creditors	3,620	2,872

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2020: £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 2021:

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.

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 2021:

	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 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%

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.

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

For the year ended 31 December 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 0.07% (31 December 2020: 0.09%).

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	206,626,813
Issued during the year	48,428,895
Cancelled during the year	(11,038,066)
Balance at the end of the year	244,017,642

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 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 10 June 2021. The Fund's FCA product reference number is 953803.

Performance Record

Comparative Table

	X1 Accumulation Units
	For the period from 28.6.2021[^] to 31.12.2021
	Pence per unit
Change in net assets per unit	
Opening net asset value per unit	100.00
Return before operating charges	6.88
Operating charges	(0.01)
Return after operating charges	106.87
Distributions	(0.80)
Retained distributions on accumulation units	0.80
Closing net asset value per unit	106.87
After direct transaction costs of:	0.00
Performance	
Return after charges ¹	6.87%
Other Information	
Closing net asset value (£000's)	378,314
Closing number of units	354,006,181
Operating charges ²	0.02%
Direct transaction costs ³	0.00%
Prices	Pence per unit
Highest offer unit price	107.64
Lowest bid unit price	98.76

[^] 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 LIFE PATH 2055-2057

DISTRIBUTION TABLE

for the period from 28 June 2021 to 31 December 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	0.8027
Distribution payable 28.2.2022	0.8027

Note: The Fund launched on 28 June 2021, therefore no comparatives have been presented.

PORTFOLIO STATEMENT

at 31 December 2021

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 - 99.29%										
Equity Funds - 99.29%										
1,019,366	BlackRock ACS UK Equity Tracker Fund		1,201	0.32	GBP 11,750,344	UK sterling vs Japanese yen		(11,379)	371	0.10
83,655,264	BlackRock ACS World ESG Equity Tracker Fund		123,397	32.62	GBP 237,750	UK sterling vs Korean won		(234)	4	0.00
99,861,789	BlackRock ACS World ESG Screened Equity Tracker Fund		123,970	32.77	GBP 102,365	UK sterling vs New Zealand dollar		(101)	1	0.00
15,443,958	BlackRock ACS World Ex UK Equity Tracker Fund		28,530	7.54	GBP 583,074	UK sterling vs Norwegian krone		(592)	(9)	0.00
33,577,210	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund		35,150	9.29	GBP 11,476	UK sterling vs Polish zloty^		(11)	-	0.00
4,165,353	iShares Emerging Markets Equity Index Fund (UK)		7,643	2.02	GBP 625,818	UK sterling vs Singapore dollar		(625)	1	0.00
1,188,579	iShares Emerging Markets Index Fund (IE)		37,253	9.85	GBP 2,134,836	UK sterling vs Swedish krona		(2,097)	37	0.01
7,531,426	iShares Global Property Securities Equity Index Fund (UK)		18,482	4.88	GBP 4,565,179	UK sterling vs Swiss franc		(4,540)	25	0.01
			375,626	99.29	GBP 116,399,685	UK sterling vs United States dollar		(114,387)	2,013	0.53
					USD 1,463,847	United States dollar vs UK sterling		1,086	(10)	0.00
								(158,886)	2,714	0.72
DERIVATIVES - 0.72%										
Forward Currency Contracts - 0.72%										
AUD 108,193	Australian dollar vs UK sterling^		58	-	0.00	Portfolio of investments				
CAD 87,836	Canadian dollar vs UK sterling^		51	-	0.00	Net other liabilities				
EUR 321,532	Euro vs UK sterling		270	(4)	0.00	378,340				
JPY 21,918,571	Japanese yen vs UK sterling		141	(4)	0.00	(26)				
CHF 55,163	Swiss franc vs UK sterling^		45	-	0.00	Total net assets				
GBP 3,384,459	UK sterling vs Australian dollar		(3,399)	(14)	0.00	378,314				
GBP 5,394,611	UK sterling vs Canadian dollar		(5,336)	59	0.01	100.01				
GBP 1,307,580	UK sterling vs Danish krone		(1,290)	17	0.00	(0.01)				
GBP 15,068,307	UK sterling vs Euro		(14,866)	202	0.05					
GBP 1,347,548	UK sterling vs Hong Kong dollar		(1,324)	24	0.01					
GBP 357,097	UK sterling vs Israel shekel		(356)	1	0.00					

Note: The Fund launched on 28 June 2021, therefore no comparatives have been presented.

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

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 period from 28 June 2021 to 31 December 2021

	Notes	£000's	For the period from 28.06.2021 to 31.12.2021 £000's
Income			
Net capital gains	3		20,000
Revenue	4	2,667	
Expenses	5	(36)	
Interest payable and similar charges		(1)	
Net revenue before taxation		2,630	
Taxation	6	–	
Net revenue after taxation			2,630
Total return before distributions			22,630
Distributions	7		(2,630)
Change in net assets attributable to unitholders from investment activities			20,000

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the period from 28 June 2021 to 31 December 2021

	£000's	For the period from 28.06.2021 to 31.12.2021 £000's
Opening net assets attributable to unitholders		–
Amounts receivable on issue of units	57,005	
Amounts receivable on in-specie transactions	298,467	
		355,472
Change in net assets attributable to unitholders from investment activities		20,000
Retained distribution on accumulation units		2,842
Closing net assets attributable to unitholders		378,314

Note: The Fund launched on 28 June 2021, therefore no comparatives have been presented.

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's
Assets:		
Fixed assets		
– Investment assets		378,381
Current assets		
– Debtors	8	3,287
– Cash and bank balances		1,150
Total assets		382,818
Liabilities:		
Investment liabilities		(41)
Creditors		
– Other creditors	9	(4,463)
Total liabilities		(4,504)
Net assets attributable to unitholders		378,314

Note: The Fund launched on 28 June 2021, therefore no comparatives have been presented.

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

NOTES TO FINANCIAL STATEMENTS

for the period from 28 June 2021 to 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the period from 28.6.2021 to 31.12.2021 £000's
The net capital gains comprise:	
Gains on non-derivative securities	23,230
Forward currency contracts	(1,381)
Currency losses	(1,838)
Custodian transaction costs	(11)
Net capital gains	20,000

4. Revenue

	For the period from 28.6.2021 to 31.12.2021 £000's
Interest from UK bank deposits	2
Equity distributions on CIS holdings	594
Overseas dividends	1,879
Rebate from underlying CIS holdings	5
Securities lending revenue	7
UK dividends	114
UK REIT dividends	5
US REIT dividends	61
Total revenue	2,667

NOTES TO FINANCIAL STATEMENTS (continued)

5. Expenses

	For the period from 28.6.2021 to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:	
– Manager's charge and other expenses rebate [#]	(1)
Payable to the Depositary or associates of the Depositary:	
– Depositary fee	3
Other expenses:	
– Audit fee	7
– Safe custody fee	1
– Dividend charges [*]	26
Total expenses	36

[#] 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 period from 28.6.2021 to 31.12.2021 £000's
Final accumulation	2,842
	2,842
Deduct: Amounts received on issue of units	(212)
Distributions	2,630

Details of the final distribution per unit are set out in the table on page 179.

8. Debtors

	31.12.2021 £000's
Accrued Manager's charge rebates	1
Accrued revenue	2,178
Amount receivable on issue of units	1,108
Total debtors	3,287

NOTES TO FINANCIAL STATEMENTS (continued)

9. Other Creditors

	31.12.2021
	£000's
Accrued Audit fee	7
Accrued Depository's fee	1
Accrued Safe custody fee	1
Custodian transaction costs	8
Purchases awaiting settlement	4,446
Total other creditors	4,463

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date.

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 2021:

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.

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 2021:

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
100%	Nil	Nil

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 2021, the Fund received £298.5 million in respect of in-specie transactions with its related parties.

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 0.07%.

13. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the period	–
Issued during the period	354,006,181
Balance at the end of the period	354,006,181

NOTES TO FINANCIAL STATEMENTS (continued)

14. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 2021.

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 31.12.2021	For the year to 31.12.2020	For the year to 31.12.2019
	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit			
Opening net asset value per unit	124.92	114.68	96.46
Return before operating charges	17.03	10.26	18.23
Operating charges	(0.03)	(0.02)	(0.01)
Return after operating charges	17.00	10.24	18.22
Distributions	(2.48)	(2.43)	(2.56)
Retained distributions on accumulation units	2.48	2.43	2.56
Closing net asset value per unit	141.92	124.92	114.68
After direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges ¹	13.61%	8.93%	18.89%
Other Information			
Closing net asset value (£000's)	9,355,338	8,540,856	8,028,369
Closing number of units	6,591,902,074	6,836,937,135	7,000,874,199
Operating charges ²	0.02%	0.02%	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	142.21	125.40	115.80
Lowest bid unit price	124.70	90.94	96.11

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 2021

Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	2.4770
Distribution payable 28.2.2022	2.4770
Distribution paid 28.2.2021	2.4301

BLACKROCK PENSION GROWTH FUND

PORTFOLIO STATEMENT

at 31 December 2021

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES - 97.59%; 31.12.20 97.37%			
Equity Funds - 71.45%; 31.12.20 70.14%			
322,075,125	BlackRock ACS Japan Equity Tracker Fund	386,023	4.13
1,415,628,004	BlackRock ACS US Equity Tracker Fund	2,752,345	29.42
574,550,932	iShares 100 UK Equity Index Fund (UK)	1,077,283	11.52
271,038,283	iShares Continental European Equity Index Fund (UK)	767,580	8.20
270,390,014	iShares Emerging Markets Equity Index Fund (UK)	496,165	5.30
128,126,280	iShares Mid Cap UK Equity Index Fund (UK)	343,763	3.67
136,657,554	iShares North American Equity Index Fund (UK)	655,956	7.01
85,551,353	iShares Pacific ex Japan Equity Index Fund (UK)	205,409	2.20
		6,684,524	71.45

Fixed Income Funds - 26.14%; 31.12.20 27.23%			
81,020,072	BlackRock Corporate Bond 1-10 Year Fund	125,095	1.34
5,494,979	iShares Emerging Markets Government Bond Index Fund (LU)	595,983	6.37
272,271,792	iShares ESG Sterling Corporate Bond Index Fund (UK)	265,683	2.84
363,355,080	iShares Overseas Corporate Bond Index Fund (UK)	587,545	6.28
557,761,908	iShares Overseas Government Bond Index Fund (UK)	726,764	7.77
104,904,938	iShares UK Gilts All Stocks Index Fund (UK)	144,244	1.54
		2,445,314	26.14

Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
--------------------------	------------	----------------------------	---------------------	-----------------------

DERIVATIVES - (0.20%); 31.12.20 1.47%				
Forward Currency Contracts - (0.20%); 31.12.20 1.47%				
GBP 731,517,406	UK sterling vs Euro	(716,340)	15,178	0.16
GBP 3,429,651,871	UK sterling vs United States dollar	(3,462,493)	(32,841)	(0.35)
USD 265,503,136	United States dollar vs UK sterling	197,037	(1,061)	(0.01)
		(3,981,796)	(18,724)	(0.20)

Portfolio of investments **9,111,114** **97.39**

Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
CASH EQUIVALENTS				
Short-term Money Market Funds - 2.08%; 31.12.20 0.53%				
1,945,739	BlackRock ICS Sterling Liquid Environmentally Aware Fund		194,601	2.08
67,288	BlackRock ICS Sterling Liquidity Fund		67	0.00
			194,668	2.08
Net other assets			49,556	0.53
Total net assets			9,355,338	100.00

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

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 2021

	Notes	£000's	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Income				
Net capital gains	3		974,490	531,603
Revenue	4	166,474		168,563
Expenses	5	(348)		(228)
Interest payable and similar charges		–		–
Net revenue before taxation		166,126		168,335
Taxation	6	–		–
Net revenue after taxation			166,126	168,335
Total return before distributions			1,140,616	699,938
Distributions	7		(166,127)	(168,334)
Change in net assets attributable to unitholders from investment activities			974,489	531,604

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2021

	£000's	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Opening net assets attributable to unitholders		8,540,856	8,028,369
Amounts receivable on issue of units	98,162		158,746
Amounts payable on cancellation of units	(421,450)		(344,007)
		(323,288)	(185,261)
Change in net assets attributable to unitholders from investment activities		974,489	531,604
Retained distribution on accumulation units		163,281	166,144
Closing net assets attributable to unitholders		9,355,338	8,540,856

BLACKROCK PENSION GROWTH FUND

BALANCE SHEET

at 31 December 2021

	Notes	31.12.2021 £000's	31.12.2020 £000's
Assets:			
Fixed assets			
– Investment assets		9,145,016	8,447,206
Current assets			
– Debtors	8	44,124	48,862
– Cash and bank balances		5,446	5,060
– Cash equivalents	9	194,668	45,513
Total assets		9,389,254	8,546,641
Liabilities:			
Investment liabilities		(33,902)	(5,518)
Creditors			
– Other creditors	10	(14)	(267)
Total liabilities		(33,916)	(5,785)
Net assets attributable to unitholders		9,355,338	8,540,856

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 March 2022

BLACKROCK PENSION GROWTH FUND

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 16 and 17.

2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 18 to 47.

3. Net Capital Gains

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	975,834	519,049
Forward currency contracts	(1,336)	12,534
Currency (losses)/gains	(2)	4
Custodian transaction costs	(6)	16
Net capital gains	974,490	531,603

4. Revenue

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Interest from UK bank deposits	1	6
Equity distributions on CIS holdings	76,601	66,592
Interest distributions on CIS holdings	46,242	52,113
Overseas dividends	41,435	46,688
Rebate from underlying CIS holdings	368	528
Revenue from short-term money market funds	40	397
Securities lending revenue	97	134
UK dividends	212	212
US REIT dividends	1,478	1,893
Total revenue	166,474	168,563

5. Expenses

	For the year to 31.12.2021 £000's	For the year to 31.12.2020 £000's
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	12	12
Other expenses:		
– Audit fee	7	7
– Legal fee	55	–
– Safe custody fee	2	(21)
– Dividend charges*	272	230
Total expenses	348	228

* 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 31.12.2021 £000's	For the year to 31.12.2020 £000's
Final accumulation	163,281	166,144
	163,281	166,144
Add: Amounts deducted on cancellation of units	3,489	3,705
Deduct: Amounts received on issue of units	(643)	(1,515)
Distributions	166,127	168,334
The distributable amount has been calculated as follows:		
Net revenue after taxation	166,126	168,335
Add: Revenue brought forward	4	1
Deduct: Revenue carried forward	(3)	(2)
Distributions	166,127	168,334

Details of the final distribution per unit are set out in the table on page 190.

8. Debtors

	31.12.2021 £000's	31.12.2020 £000's
Accrued rebate from underlying CIS holdings	272	658
Accrued revenue	40,024	46,278
Amount receivable on issue of units	3,828	1,926
Total debtors	44,124	48,862

9. Cash Equivalents

	31.12.2021 £000's	31.12.2020 £000's
Investment in short-term money market funds	194,668	45,513
Total cash equivalents	194,668	45,513

10. Other Creditors

	31.12.2021 £000's	31.12.2020 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	4	7
Accrued Safe custody fee	1	1
Amount payable for cancellation of units	–	246
Custodian transaction costs	2	6
Total other creditors	14	267

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 2020: £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 2021:

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.

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 2021:

	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 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%

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 2021, the Fund does not have any in-specie transactions with its related parties (31 December 2020: £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 0.18% (31 December 2020: 0.21%).

14. Units in Issue

Revenue is allocated each day pro rata to the capital value of assets 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 2021 is as follows:

	X1 Accumulation Units
Balance at the beginning of the year	6,836,937,135
Issued during the year	74,777,185
Cancelled during the year	(319,812,246)
Balance at the end of the year	6,591,902,074

NOTES TO FINANCIAL STATEMENTS (continued)

15. Subsequent Events

Subsequent to the year-end, equity markets have fallen significantly primarily due to the geo-political tensions arising from the Russia-Ukraine conflict and the impact of economic sanctions on certain Russian individuals and corporate entities. However, the impact on the NAV per unit and the Fund's return was not significant as at 25 February 2022. The Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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 2021.

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 2021

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 Investor Services Limited
UK Trustee and Depositary Services

London
1 March 2022

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 2 (“the Scheme”) for the year ended 31 December 2021, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheets, the related notes and the Distribution Tables for each of the Scheme’s Funds, the Financial Instruments and Risks Disclosures and the accounting policies of the Scheme, 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, FRS 102 ‘The Financial Reporting Standard applicable to the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Scheme comprising each of its Funds as at 31 December 2021 and of the net revenue and the net capital gains on the scheme property of the Scheme comprising each of its Funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 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 ACS LifePath 2019-2021 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 for this Fund only have been prepared on other than going concern basis as described in Note 1(a). The financial statements for the Scheme as a whole remain prepared on a going concern basis. 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 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, 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.

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 FCA and the Prospectus;
- there is nothing to indicate that adequate accounting records have not been kept by the Scheme or that 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 FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the Manager

As explained more fully in the Manager’s responsibilities statement set out on page 199, 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 Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Scheme Deed and the Prospectus.
- We understood how the Scheme is complying with those frameworks through discussions with the Manager and the Scheme's administrators 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 by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution.
- 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.
- Due to the regulated nature of the Scheme, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities including specialists where necessary to identify non-compliance with the applicable laws and regulations.

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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BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2



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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 FCA. 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

Edinburgh
1 March 2022

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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 2021, no additional disclosures have been provided (31 December 2020: £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 2021, the firm manages £7.383 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.

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 35 countries around the world.

Want to know more?

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