



# Annual report and audited financial statements

## BlackRock Authorised Contractual Scheme 2

- ACS LifePath 2019-2021
- ACS LifePath 2022-2024
- ACS LifePath 2025-2027
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- BlackRock FutureWise Early Days Aggregator
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For the financial year ended 31 December 2022

## BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

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## BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

### 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 W I Cullen\* D Edgar  
B Harrison (resigned 19 August 2022) 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.

#### Investment Adviser

FIL Investments International  
Beech Gate Millfield Lane, Lower Kingswood, Tadworth, Surrey, United Kingdom, KT20 6RP

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).

## **BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2**

### **GENERAL INFORMATION (continued)**

**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 comprises 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 31 October 2022 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 2022, 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 the Alternative Investment Fund Managers Directive 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 Alternative Investment Fund Managers Directive, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018.

### FUND MANAGERS

As at 31 December 2022, 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 2022, the Fund Managers of the BlackRock Pension Growth Fund are Ben Rees, Bhavik Patel, and Julian Steeds.

### SIGNIFICANT EVENTS

#### Changes in the Directors of the Manager

B Harrison resigned as a Director effective 19 August 2022.

#### Changes to the Scheme

Fund Name	Launch Date
BlackRock FutureWise 2023-27	28 November 2022
BlackRock FutureWise 2028-32	28 November 2022
BlackRock FutureWise 2033-37	28 November 2022
BlackRock FutureWise Early Days Aggregator	28 November 2022
BlackRock FutureWise Retirement Aggregator	28 November 2022

The Manager has appointed FIL Investments International as the Investment Adviser to these Funds.

### SIGNIFICANT EVENTS (continued)

#### Special Valuation Points

The Manager has updated the relevant sections of the Scheme's prospectus to include additional guidance over the declaration and the use of special valuation points for the purpose of valuing subscription and redemption of units under certain circumstances. Please refer to the updated prospectus of the Scheme dated 7 December 2022 for more details.

#### Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. This portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 22 April 2022. This credit facility may be utilised by the Fund 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 Fund.

The credit facility was not used during the year.

#### Outbreak of COVID-19

The impact of the coronavirus outbreak was profound across all aspects of society. In developed economies, it is clear that the worst of the impact is now over. Widescale and comprehensive vaccination programmes have been put in place in many countries which have had a positive effect. Nevertheless, the impact of COVID-19 continues to adversely affect the economies of many nations across the globe and this in turn may continue to impact investments held by each Fund.

#### Russian invasion of Ukraine

Certain financial markets have fallen due primarily to geo-political tensions arising from Russia's invasion of Ukraine and the impact of the subsequent range of sanctions, regulations and other measures which impaired normal trading in Russian securities. The Manager continues to monitor investment performance in line with the Funds' investment objectives, and the operations of the Funds and the publication of net asset values are continuing. Additional information on the Funds' performance and a global economic overview for key financial markets are included in the Investment Manager's report.

#### Fund Closure

As set out in the letter to unitholders dated 22 July 2022, the LifePath 2019-2021 Fund commenced wind-up on 7 November 2022. The Fund is a target date retirement Fund and, as set out in the Fund's investment objective and policy, the Fund's maturity date has now passed and in accordance with the Prospectus and the rules of the FCA, the Investment Manager has decided to close the Fund. As at 7 November 2022, all units in the Fund were cancelled. Consequently, these financial statements are not prepared on a going concern basis for the year ended 31 December 2022, but on a break-up basis. This set of financial statements for the period to 31 December 2022 will be the final set of accounts produced for this Fund.

### SUBSEQUENT EVENTS

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

## BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

### 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 (which are expected to be predominantly index tracker funds and will typically be Associated Funds (Any collective investment scheme that is managed by the Manager or by an affiliated company (as defined by the FCA)) 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 FutureWise 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 a portfolio composition that remains stable over time.

The Funds seek to achieve their investment objective by investing primarily in units of collective investment schemes. These collective investment schemes (which will substantially comprise Associated Funds and/or Fidelity Funds (any collective investment scheme that is managed or advised on by the Investment Adviser or by an affiliated company (as defined by the FCA))) may provide the Fund exposure globally to equity securities and, on a limited basis, to 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.

##### **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 (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.



**BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2****INVESTMENT MANAGER'S REPORT (continued)**

<b>Fund name</b>	<b>Comparator benchmark</b>	<b>Investment management approach</b>
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 FutureWise 2023-27	N/A	Active
BlackRock FutureWise 2028-32	N/A	Active
BlackRock FutureWise 2033-37	N/A	Active
BlackRock FutureWise Early Days Aggregator	N/A	Active
BlackRock FutureWise Retirement Aggregator	N/A	Active
BlackRock Pension Growth Fund	Lipper ABI Mixed Investment 40-85% Index	Active

## BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

### INVESTMENT MANAGER'S REPORT (continued)

#### Performance Summary

The below table compares the Funds' realised performance during the financial year ended 31 December 2022.

Fund returns disclosed, calculated net of fees, are the performance returns for the primary unit class of the Funds which has been selected as a representative unit class. The primary unit class represents the class of unit which is the highest charging unit class, free of any commissions or rebates, and is freely available. Performance returns for any other unit class can be made available on request.

Fund returns are based on the Net Asset Value ("NAV") per unit calculated in accordance with the prospectus as at 12 noon for dealing purposes. Where, due to a public holiday or market closure(s), a date relevant to determination of the fund returns would not be a dealing day (such that a NAV would not otherwise be calculated on that day), a NAV may nevertheless be determined and calculated in accordance with the prospectus for the purposes of these disclosures.

Due to the Financial Reporting Standard 102 ("FRS 102") and Statement of Recommended Practice ("SORP") for Authorised Funds requirements, including the accounting policy for the valuation point at 12 noon, where the end of the accounting period/accounting year end on the balance sheet date is a business day which apply to the financial statements, there may be differences between the NAV per unit as recorded in the financial statements and the NAV per unit calculated in accordance with the prospectus.

	Fund return %	Comparator benchmark return %
ACS LifePath 2019-2021 - Class X1 Accumulation Units	(17.58)%	N/A
ACS LifePath 2022-2024 - Class X1 Accumulation Units	(16.92)%	N/A
ACS LifePath 2025-2027 - Class X1 Accumulation Units	(16.61)%	N/A
ACS LifePath 2028-2030 - Class X1 Accumulation Units	(16.11)%	N/A
ACS LifePath 2031-2033 - Class X1 Accumulation Units	(15.86)%	N/A
ACS LifePath 2034-2036 - Class X1 Accumulation Units	(15.52)%	N/A
ACS LifePath 2037-2039 - Class X1 Accumulation Units	(15.11)%	N/A
ACS LifePath 2040-2042 - Class X1 Accumulation Units	(14.59)%	N/A
ACS LifePath 2043-2045 - Class X1 Accumulation Units	(14.16)%	N/A
ACS LifePath 2046-2048 - Class X1 Accumulation Units	(13.50)%	N/A
ACS LifePath 2049-2051 - Class X1 Accumulation Units	(13.46)%	N/A
ACS LifePath 2052-2054 - Class X1 Accumulation Units	(13.16)%	N/A
ACS LifePath 2055-2057 - Class X1 Accumulation Units	(12.83)%	N/A

## BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

### INVESTMENT MANAGER'S REPORT (continued)

	Fund return %	Comparator benchmark return %
BlackRock Pension Growth Fund - Class X1 Accumulation Units	(11.55)%	(9.76)%
BlackRock FutureWise 2023-27 - Class X1 Accumulation Units	(1.09)% <sup>1</sup>	N/A
BlackRock FutureWise 2028-32 - Class X1 Accumulation Units	(1.57)% <sup>1</sup>	N/A
BlackRock FutureWise 2033-37 - Class X1 Accumulation Units	(1.84)% <sup>1</sup>	N/A
BlackRock FutureWise Early Days Aggregator - Class X1 Accumulation Units	(1.80)% <sup>1</sup>	N/A
BlackRock FutureWise Retirement Aggregator - Class X1 Accumulation Units	(0.83)% <sup>1</sup>	N/A

<sup>1)</sup> The Fund returns are for the period from the Fund's launch on 28 November 2022 to 31 December 2022.

All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and the return of your initial investment amount cannot be guaranteed. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

### INVESTMENT MANAGER'S REPORT (continued)

#### Global Economic Overview

Global equities, as represented by the MSCI All Country World Index ("ACWI"), returned -8.08% (in GBP terms) for the twelve months ended 31 December 2022. Amid concerns about a global economic downturn, both bonds and equities were pressured by persistently high inflation (rate of increase in the prices of goods and services) and rapid monetary policy tightening from the world's largest central banks. Russia's invasion of Ukraine in February 2022 led to further uncertainty and disruption in financial markets. Sanctions imposed on Russia negatively impacted businesses with ties to the region and contributed to significant volatility (market ups and downs) in some commodity prices.

Driven by a widening trade deficit and lower business investment, US gross domestic product contracted in the first half of 2022, raising recession concerns among investors. However, the US economy returned to growth in the third quarter as the balance of trade improved and unemployment remained low. Economic growth in Japan was tepid, constrained by weak levels of private consumption and business investment. In the UK, the economy slowed amid weakness in the services sector and manufacturing. Steady growth in Europe was fuelled in part by household spending and tourist activity amid easing COVID-19 restrictions, although this growth slowed notably in 2022's third quarter.

Most emerging market economies continued to expand, although fluctuating commodity prices and the strengthening US dollar presented significant economic challenges. The Chinese economy grew despite regulatory shifts, concerns about the heavily indebted property sector and renewed lockdowns on account of COVID-19. India's economy slowed, as lower private spending offset an increase in government expenditures, and investment growth stalled.

As the effects of restrictions related to the COVID-19 pandemic continued to fade and with inflation picking up, the world's largest central banks began to implement various measures aimed at monetary policy tightening. The US Federal Reserve ("the Fed") raised interest rates seven times in an effort to control inflation, including four consecutive 75 basis point (bps) increases before slowing to a 50 bps rise in December 2022. The Fed also ended its bond buying programmes and began reducing some of its accumulated bond holdings in June 2022.

The Bank of England ("BoE") raised interest rates eight times, as inflation reached a forty-one-year high. Inflation also accelerated in Europe, and the European Central Bank ("ECB") raised interest rates four times. Furthermore, the ECB signalled that it would take action to prevent significant divergence between bond yields (which move inversely to prices) of Europe states as interest rates rise.

Global equity performance was negative during the reporting period, as investors assessed the impact of rapidly changing economic and credit conditions. Inflation pressures amid supply chain constraints and tighter monetary policy from many central banks pressured equities, leading to steep declines, particularly in the first half of the reporting period. Globally, bonds and equities that factor in companies' environmental, social and governance ("ESG") characteristics continued to attract investment flows, although the pace of investment slowed significantly in 2022. New bonds for ESG-related projects declined in the first eleven months of 2022, relative to the same period in 2021, as higher interest rates weighed on issuance. New bonds for ESG related projects declined in the first eleven months of 2022, relative to the same period in 2021, as higher interest rates weighed on issuance.

Yields on the 10-year US Treasury, a benchmark lending rate for the global bond market, rose sharply during the reporting period as central banks tightened monetary policy. The yield curve, which measures the difference between yields at different maturity levels, inverted, such that shorter-maturity yields rose above longer-maturity yields, which is a signal that markets were increasingly concerned about slowing economic growth. Yields on UK gilts rose substantially, and, late in the period, a tax cut proposal raised the likelihood of increased government borrowing, leading to BoE intervention to stabilise the UK bond market. The government subsequently dropped its proposal, easing pressure on gilts. European government bonds also declined notably for the twelve-month period, while Japanese government bonds generally declined more slowly. However, in December 2022, the Japanese government raised its yield cap for 10-year government bond yields, leading to a sharp increase in the yields for those bonds.

### INVESTMENT MANAGER'S REPORT (continued)

#### Global Economic Overview (continued)

Global corporate bond returns were negative overall, as yields rose substantially. Amid growing inflation concerns, most major central banks raised interest rates, reducing the value of existing bonds. Corporate bond prices fell globally as yield spreads (the difference in yield between government and corporate bonds with similar maturities) widened and investors reassessed credit conditions amid heightened uncertainty.

Equities in emerging markets posted a substantial decline as the US dollar strengthened and interest rates rose. Central banks in several emerging markets, such as India, Brazil, and Mexico, raised interest rates multiple times in response to heightened inflation concerns. Emerging market bond prices declined sharply, particularly following Russia's invasion of Ukraine in late February 2022.

The commodities markets were volatile, with prices rising sharply following the Russian invasion of Ukraine before moderating on growth concerns. Brent crude oil prices rose sharply earlier in the year before falling again to end the year nearly unchanged, and natural gas prices in Europe fluctuated significantly as countries sought alternate gas suppliers. Gold prices were up slightly, as investor demand was fuelled by concerns about the course of the global economy.

On the foreign exchange markets, the US dollar rose against most other global currency markets, particularly as the Fed began tightening monetary policy in 2022. The Japanese yen, the euro, sterling and the Chinese yuan also fell versus the US dollar as investors saw the US dollar being more insulated from an economic downturn.

#### 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**

**\*The ACS Lifepath 2019-2021 Fund closed on 7 November 2022**

Over the financial period beginning from 1 January 2022 to 21 November 2022 the ACS LifePath 2019-2021 Fund returned -17.58%. Over the financial year to 31 December 2022, the rest of the ACS LifePath Funds experienced negative returns (-16.92%, -16.61%, -16.11%, -15.86%, -15.52%, -15.11%, -14.59%, -14.16%, 13.50%, -13.46%, -13.16% and -12.83% for the 12 funds respectively).

LifePath's glidepath is designed to maximise returns for young members, reduce volatility near retirement, and provide consistent spending power in retirement. LifePath allocates to 100% equity and equity-like ("growth") assets for young members to maximise the equity risk premium at a time when members have the longest time horizon, the most future expected income, and the smallest balances. Given the small balances of young members, contributions are the biggest driver of outcomes, usually outweighing the impact of market volatility. Approximately 30 years before retirement, our glidepath starts to de-risk, reducing its growth exposure as members' wealth shifts from future potential income, or human capital, to accumulated savings.

### INVESTMENT MANAGER'S REPORT (continued)

#### Fund Performance Review and Activity (continued)

At retirement, the glidepath reaches its most conservative level when members are no longer in paid employment: a 40% allocation to growth assets that remains constant throughout retirement. We believe this allocation both optimises growth and reduces the expected volatility compared to a portfolio with higher allocation to risky assets in a retiree's portfolio, allowing for stable spending throughout the member's remaining lifetime. The 60% fixed income / 40% equity allocation at retirement aims to manage the three key life cycle risks: 1) longevity risk – the risk of outliving your retirement savings; 2) inflation risk – the risk of our capital growing less than prices of a basket of consumable goods; and 3) market risk – the risk of losing money in the event of market returns being negative.

2022 was a very difficult year for financial markets, with the S&P 500 seeing its worst annual performance since 2008, just as global bonds fell into a bear market for the first time in a generation. The biggest driver of these events was the stronger than expected inflation, which hit multi-decade highs and led central banks to embark on their most aggressive tightening cycle in a generation. In the meantime, investors also had to grapple with geopolitical turmoil, since Russia's invasion of Ukraine led to spikes in energy and food prices that particularly hit emerging market economies. That meant commodities were among the few assets that ended the year in positive territory.

The fourth quarter rounded off a volatile year for markets, with performance in equities and fixed income securities ending the year on a mixed note. Inflation showed signs of peaking which stimulated rallying of equities and fixed income securities early in the quarter, but this positive sentiment did not persist towards the end of the year. Recessionary fears dominated in December as central banks showed no sign of slowing interest rate hikes which led to only modest gains over the quarter. Government bond yields increased (meaning prices fell) as a result and major central banks maintained a hawkish stance to further tightening in their monetary policy. The Federal Reserve (Fed), Bank of England (BoE) and the European Central Bank (ECB) all raised interest rates again in the quarter, with expectations that monetary policies would continue tightening in 2023, although at a slower rate than experienced in 2022.

2022 was a challenging year for LifePath portfolios, especially for those vintages closer to retirement. Very few asset classes delivered positive returns during the year, and within LifePath portfolios, commodities were the only positive contributor to performance (where held). In commodities markets, supply concerns drove prices higher particularly in the energy complex. However, these gains were not sufficient to offset losses across equities and fixed income securities, at the portfolio level.

Developed and emerging market equities posted losses as inflation expectations rose, interest rates rose, and markets priced in weaker earnings in the face of more volatile macroeconomic data and a more challenging earnings outlook. In a period where the economic outlook deteriorated, the more cyclical small cap and emerging market exposures underperformed broader developed markets.

In bond markets, yields spiked, and prices fell across all markets, but total returns were hardest hit in the UK gilt and inflation bond markets due to the higher sensitivity of these indices to rising rates. Volatility in bond markets persisted throughout the year due to rising inflation. Furthermore, the long-term expected diversification benefits of fixed income were absent with the asset class posting losses at the same time as equities falling. These dynamics explain the losses experienced in LifePath portfolios closer to retirement.

The impact of currency moves (notably the US dollar strength relative to other developed market currencies such as UK sterling) was evident on hedged equity exposures relative to the unhedged equity exposures. Our portfolios for longer-dated vintages maintain some exposure to overseas currencies but portfolios closer to retirement hedge the foreign exchange exposures.

The extreme losses in bond markets have led to vintages closer to retirement experiencing outsized losses relative to history and our long-term expectations. Quarter four performance showed some signs of relief across most assets which benefited portfolios.

**INVESTMENT MANAGER’S REPORT (continued)**

**Fund Performance Review and Activity (continued)**

Over the long term, taking investment risk has been rewarded for the equity heavy, longer-dated vintages where returns remain in positive territory over a 3-year and 5-year period. This highlights the importance of staying invested and is in line with our glidepath philosophy which advocates that younger members can afford to take more investment risk given their longer investment horizon and ability to see through many market cycles. This means that LifePath is positioned so that younger members have a higher exposure to equity/growth assets which we believe will outperform over the long term.

The current environment has proved difficult for the fixed income heavy, shorter-dated vintages which have suffered from the extraordinary sell-off we have seen across global government bonds in 2022.

**Environmental, Social and Governance (“ESG”) considerations review**

Through the application of the methodology set out in the ESG Policy of the Scheme’s Prospectus, the Investment Manager expects to achieve for the Funds’ portfolios:

- 1) A carbon emission intensity score, in respect only of the corporate issuers in which the Funds invest, that
  - a) by 30 June 2029, is 50% less than its carbon emission intensity score as at 30 June 2019; and
  - b) as calculated at the end of each calendar quarter, is less than a portfolio that represents the investment universe of the Funds but which does not apply any ESG criteria, such comparable portfolio being represented by a reference benchmark (the “Reference Comparator”) and
- 2) as calculated at the end of each calendar quarter, an ESG score that is higher than the Reference Comparator.

Carbon emission intensity scores are a measurement of issuers’ carbon emissions relative to their size. In measuring the size of issuers, for this purpose, the Investment Manager uses their reported sales, but it may use another measure instead if it considers it appropriate or necessary as a result of changes in regulation, market practice or available data. As at 31 December 2022, the Funds’ carbon emission intensity scores versus their Reference Comparator were as follows:

<b>Funds</b>	<b>Fund Carbon Emissions Intensity by Sales (metric tons / \$ m sales)</b>	<b>Comparator Carbon Emissions Intensity by Sales (metric tons / \$ m sales)</b>
ACS LifePath 2022-2024	116.6	169.7
ACS LifePath 2025-2027	116.0	167.1
ACS LifePath 2028-2030	114.3	163.1
ACS LifePath 2031-2033	114.1	160.8
ACS LifePath 2034-2036	113.5	159.6
ACS LifePath 2037-2039	113.2	158.5
ACS LifePath 2040-2042	113.3	157.6
ACS LifePath 2043-2045	113.0	156.8
ACS LifePath 2046-2048	113.4	156.2
ACS LifePath 2049-2051	113.9	155.8
ACS LifePath 2052-2054	114.0	155.5
ACS LifePath 2055-2057	114.4	155.8

## BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

### INVESTMENT MANAGER'S REPORT (continued)

#### Fund Performance Review and Activity (continued)

The Funds may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that it invests in Government Bond Funds, the Funds will invest at least 80% in Government Bond Funds that track benchmark indices primarily comprising government bond issuers with an ESG sovereign rating of BB or higher (as defined by MSCI or another third party data vendor) ("ESG Government Bond Funds"). As at 31 December 2022, all of the LifePath UK vintages (with the exception of BlackRock ACS LifePath 2055-57) held 100% of their Government Bond asset allocation in such Investments. The BlackRock ACS LifePath 2055-57 Fund does not hold any Sovereign Issuer exposures given the current asset allocation only invests in equity or equity-like investments. The Sovereign Issuer threshold is therefore not applicable.

Of the total assets that the Funds invest in collective investment schemes (other than Government Bond Funds), the Funds seek to invest at least 80% in collective investment schemes which 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of assets under management) to investments from an underlying benchmark based on ESG-related characteristics (together, "ESG Funds"). As at 31 December 2022, at least 80% of all corporate issuers in all LifePath UK vintages were held in ESG funds.

Further details on the ESG performance and metrics of the Funds' can be found in the ESG report that is available from the Fund's Depository upon request.

**BlackRock FutureWise 2023-27**

**BlackRock FutureWise 2028-32**

**BlackRock FutureWise 2033-37**

**BlackRock FutureWise Early Days Aggregator**

**BlackRock FutureWise Retirement Aggregator**

Over the period from the date of launch of these Funds on 28 November 2022 to 31 December 2022, the Funds' returned -1.09%, -1.57%, -1.84%, -1.80% and -0.83% for the five Funds respectively.

The Manager has appointed FIL Investments International, which is the Investment Adviser to these Funds, to advise in relation to the portfolio composition of each of the FutureWise Funds pursuant to an investment advisory agreement. The Investment Adviser provides strategic and tactical asset allocation advice, including advice on the selection of the underlying funds, with regard to the assets of each of the BlackRock FutureWise Funds. In seeking to achieve their investment objectives, the Funds invest at least 70% of their total assets in units of collective investment schemes (i.e. other investment funds). These collective investment schemes (which substantially comprise BlackRock Associated Funds and/or Fidelity Funds) provide the Funds exposure globally to equity securities (i.e. shares), fixed income securities (i.e. both government and non-government bonds) and, on a limited basis, to commodities. The Funds aim to invest in accordance with their environmental, social and governance ("ESG") policies. Refer to the Scheme's prospectus for more information on the ESG policies of each of the Funds.

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

Through the application of the ESG Policies, the Funds expect to achieve in their portfolios (in respect of only the underlying corporate issuers (i.e. companies) to which the Funds have exposure) a carbon emission intensity score that, as calculated at the end of each calendar quarter, is less than a portfolio that holds equivalent proportions (weighting) of equity securities as the Funds but that does not apply any ESG criteria (such comparable portfolio being represented by a reference benchmark (the "Reference Comparator")). Carbon emission intensity scores are a measurement of issuers' carbon emissions relative to their size. In measuring the size of corporate issuers for this purpose, the Funds use the corporate issuers' enterprise value including cash ("EVIC") but they may use another measure instead if it is considered more appropriate or necessary as a result of changes in regulation, market practice or available data. As at 31 December 2022, the Funds' carbon emission intensity scores were 31.9, 30.9, 30.4, 29.9, and 31.9 (in tons of carbon dioxide emissions/\$m enterprise value terms) versus their appropriate Reference Comparators which were 49.7, 55.9, 58.9, 58.4, and 45.5, respectively for the five Funds.



## BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

### INVESTMENT MANAGER'S REPORT (continued)

#### Fund Performance Review and Activity (continued)

The Funds may invest in collective investment schemes which primarily invest in government bonds ("Government Bond Funds"). Of the assets that they invest in Government Bond Funds, the Funds will invest at least 80% in Government Bond Funds that track benchmark indices primarily comprising government bond issuers with an ESG sovereign credit rating of BB or higher (as defined by Morgan Stanley Capital International (MSCI) or another third party data vendor) ("ESG Government Bond Funds"). As at 31 December 2022, the BlackRock FutureWise 2023-27 Fund, the BlackRock FutureWise 2028-32 Fund and the BlackRock FutureWise Retirement Aggregator Fund held 3.25%, 0.25% and 5.50% of their Government Bond asset allocation in investments in Government Bond Funds, respectively. The BlackRock FutureWise 2033-37 Fund and the BlackRock FutureWise Early Days Aggregator Fund currently do not allocate to Government Bond Funds. Of those Funds where there is an allocation to Government Bond Funds, 100% of such Funds track a benchmark that invests primarily in government bonds with an ESG sovereign credit rating of BB or higher.

Of the total assets that the Funds invest in collective investment schemes (other than Government Bond Funds), the Funds seek to invest at least 80% in collective investment schemes which

- 1) track benchmark indices that apply screens and exclusionary criteria based on ESG-related limits/thresholds, and/or,
- 2) otherwise include/exclude and/or overweight/underweight (i.e. allocate a higher or lower proportion of Assets Under Management) to investments from an underlying benchmark based on the ESG-related characteristics (together, "ESG Funds").

As at 31 December 2022, all of the FutureWise Funds held 100% of their non-Government Bond Funds asset allocation in such investments in ESG Funds.

Further details on the ESG performance and metrics of the Funds' can be found in the ESG report that is available from the Fund's Depository upon request.

#### BlackRock Pension Growth Fund

Over the financial year to 31 December 2022, the Fund's performance return was -11.55% and the active return was -1.79%, underperforming its comparator benchmark which returned -9.76% (active return is the difference between the Fund's return and the comparator benchmark return).

Performance was driven by negative returns from both equities and fixed income securities. Equities and foreign exchange (FX) drove most of the performance of the Fund. Within equities, US equities were the largest negative contributor to overall performance. US equities significantly underperformed UK equities which benefitted from the rotation from growth to financial and energy stocks that was seen for most of 2022. All other regional equity exposures also detracted from performance though to a lesser extent given the smaller allocations to them. The US dollar strengthened around 11% against the sterling over the year which contributed positively in absolute terms to overall performance given the unhedged US dollar exposure held within the Fund. However, this was a negative contributor in relative terms given the comparator benchmark holds a larger unhedged US dollar exposure. Within fixed income, both government and corporate bonds ended the year significantly lower, driven by rising interest rates and inflation.

2022 was a very difficult year for financial markets, with the S&P 500 seeing its worst annual performance since 2008, just as global bonds fell into a bear market for the first time in a generation. The biggest driver of this was much stronger than expected inflation, which hit multi-decade highs and led central banks to embark on their most aggressive tightening cycle in a generation. In the meantime, investors also had to grapple with geopolitical turmoil, since Russia's invasion of Ukraine led to spikes in energy and food prices that particularly hit emerging market economies. That meant commodities were among the few assets that ended the year in positive territory.

### INVESTMENT MANAGER'S REPORT (continued)

#### Fund Performance Review and Activity (continued)

The fourth quarter rounded off a volatile year for markets, with performance in equities and fixed income securities ending the year on a mixed note. Inflation showed signs of peaking which stimulated rallying of equities and fixed income securities early in the quarter, but this positive sentiment did not persist towards the end of the year. Recessionary fears dominated in December as central banks showed no sign of slowing interest rate hikes which led to only modest gains over the quarter. Government bond yields increased (meaning prices fell) in December as concerns of recession grew and major central banks maintained a hawkish (in favour of higher interest rates) stance to further tightening in their monetary policy. The Federal Reserve (Fed), Bank of England (BoE) and the European Central Bank (ECB) all raised interest rates again in the quarter, with expectations that monetary policies would continue tightening in 2023, although at a slower rate than experienced in 2022.

Developed and emerging market equities posted losses as inflation expectations rose, interest rates rose, and markets priced in weaker earnings in the face of more volatile macroeconomic data and a more challenging earnings outlook. In a period where the economic outlook deteriorated, the more cyclical small cap and emerging market exposures underperformed broader developed markets.

In bond markets, yields spiked, and prices fell across all markets, but total returns were hardest hit in the UK gilt and inflation bond markets due to the higher sensitivity of these indices to rising rates. Volatility in bond markets persisted throughout the year due to rising inflation. Furthermore, the long-term expected diversification benefits of fixed income were absent with the asset class posting losses at the same time as equities falling.

## 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 (b) the Manager’s board of directors (the “Manager’s Board”). These bodies are responsible for the determination of BlackRock’s remuneration policies which includes reviewing the remuneration policy on a regular basis and being responsible for its implementation.

The implementation of the remuneration policy is annually subject to central and independent review for compliance with policies and procedures for remuneration adopted by the MDCC and by the Manager’s Board. The remuneration disclosure is produced and owned by MDCC and the Manager’s Board.

#### (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 7 meetings during 2022. The MDCC charter is available on BlackRock, Inc.’s website ([www.blackrock.com](http://www.blackrock.com)).

### REPORT ON REMUNERATION (continued)

#### (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.

#### 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 and therefore staff members in control functions are remunerated independently of the businesses they oversee. 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
- criticality to business; and
- supporting the firm's approaches to environmental, social and governance factors and diversity, equity and inclusion.

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 Margin<sup>1</sup> and Organic Revenue Growth<sup>2</sup>. 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.

<sup>1</sup> 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.

<sup>2</sup> 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's staff in respect of the Manager's financial year ending 31 December 2022 is US dollar 194.50 million. This figure is comprised of fixed remuneration of US dollar 109.30 million and variable remuneration of US dollar 85.30 million. There were a total of 3,790 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the Manager in respect of the Manager's financial year ending 31 December 2022, to its senior management was US dollar 21.60 million, and to other members of its staff whose actions have a material impact on the risk profile of the Manager or its funds was US dollar 8.80 million. These figures relate to the entire Manager and not to the Fund.

### ACCOUNTING AND DISTRIBUTION POLICIES\*

for the year ended 31 December 2022

#### 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 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.

As set out in the letter to unitholders dated 22 July 2022, the ACS LifePath 2019-2021 Fund cancelled all remaining units on 7 November 2022. As a result, these financial statements are not prepared on a going concern basis for the year ended 31 December 2022, but are prepared on a break-up basis. 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.

(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 year end 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 bid values and market values, respectively, also 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 2022 based on a 99% confidence level is outlined in the table below:

<b>Fund</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>%</b>	<b>%</b>
ACS LifePath 2019-2021 <sup>^</sup>	–	1.07
ACS LifePath 2022-2024	1.81	1.18
ACS LifePath 2025-2027	1.84	1.30
ACS LifePath 2028-2030	1.88	1.39
ACS LifePath 2031-2033	1.94	1.56
ACS LifePath 2034-2036	2.02	1.70
ACS LifePath 2037-2039	2.12	1.83
ACS LifePath 2040-2042	2.24	1.94
ACS LifePath 2043-2045	2.40	2.10
ACS LifePath 2046-2048	2.55	2.22
ACS LifePath 2049-2051	2.68	2.33
ACS LifePath 2052-2054	2.78	2.40
ACS LifePath 2055-2057	2.82	2.41
BlackRock FutureWise 2023-27*	2.09	–
BlackRock FutureWise 2028-32*	2.73	–
BlackRock FutureWise 2033-37*	3.09	–
BlackRock FutureWise Early Days Aggregator*	3.06	–
BlackRock FutureWise Retirement Aggregator*	1.80	–
BlackRock Pension Growth Fund	1.77	1.68

<sup>^</sup>The Fund closed on 7 November 2022.

\*These Funds launched on 28 November 2022, 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.

<b>31 December 2022</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2022-2024</b>				
Australian dollar	4,329	(8,487)	(4,158)	(1.11)
Canadian dollar	6,824	(13,121)	(6,297)	(1.68)
Danish kroner	1,256	(2,424)	(1,168)	(0.31)
Euro	32,158	(63,053)	(30,895)	(8.26)
Hong Kong dollar	998	(1,958)	(960)	(0.26)
Israeli new shekel	335	(540)	(205)	(0.05)
Japanese yen	22,139	(43,104)	(20,965)	(5.61)
New Zealand dollar	74	(149)	(75)	(0.02)
Norwegian krone	827	(1,546)	(719)	(0.19)
Singapore dollar	653	(1,307)	(654)	(0.17)
Swedish krona	1,399	(2,760)	(1,361)	(0.36)
Swiss franc	3,866	(7,482)	(3,616)	(0.97)
US dollar	149,553	(272,731)	(123,178)	(32.94)
<b>Total exposure to foreign currencies</b>	<b>224,411</b>	<b>(418,662)</b>	<b>(194,251)</b>	<b>(51.93)</b>
<b>ACS LifePath 2025-2027</b>				
Australian dollar	8,557	(16,681)	(8,124)	(1.09)
Canadian dollar	13,418	(25,657)	(12,239)	(1.65)
Danish kroner	2,624	(5,056)	(2,432)	(0.33)
Euro	58,093	(112,118)	(54,025)	(7.27)
Hong Kong dollar	2,166	(4,249)	(2,083)	(0.28)
Israeli new shekel	700	(1,150)	(450)	(0.06)
Japanese yen	40,656	(77,863)	(37,207)	(5.01)
New Zealand dollar	139	(278)	(139)	(0.02)
Norwegian krone	1,706	(3,187)	(1,481)	(0.20)
Singapore dollar	1,403	(2,719)	(1,316)	(0.18)
Swedish krona	2,995	(5,897)	(2,902)	(0.39)
Swiss franc	8,301	(15,994)	(7,693)	(1.04)
US dollar	292,670	(528,573)	(235,903)	(31.76)
<b>Total exposure to foreign currencies</b>	<b>433,428</b>	<b>(799,422)</b>	<b>(365,994)</b>	<b>(49.28)</b>

## FINANCIAL INSTRUMENTS AND RISKS (continued)

<b>31 December 2022</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2028-2030</b>				
Australian dollar	7,510	(14,574)	(7,064)	(1.08)
Canadian dollar	11,674	(22,246)	(10,572)	(1.62)
Danish kroner	2,382	(4,590)	(2,208)	(0.34)
Euro	47,043	(90,465)	(43,422)	(6.64)
Hong Kong dollar	2,006	(3,938)	(1,932)	(0.30)
Israeli new shekel	655	(1,085)	(430)	(0.07)
Japanese yen	33,550	(63,880)	(30,330)	(4.64)
New Zealand dollar	165	(330)	(165)	(0.03)
Norwegian krone	1,508	(2,817)	(1,309)	(0.20)
Singapore dollar	1,289	(2,491)	(1,202)	(0.18)
Swedish krona	2,780	(5,452)	(2,672)	(0.41)
Swiss franc	7,645	(14,688)	(7,043)	(1.08)
US dollar	250,159	(453,222)	(203,063)	(31.05)
<b>Total exposure to foreign currencies</b>	<b>368,366</b>	<b>(679,778)</b>	<b>(311,412)</b>	<b>(47.64)</b>
<b>ACS LifePath 2031-2033</b>				
Australian dollar	13,293	(26,666)	(13,373)	(1.07)
Canadian dollar	20,508	(40,337)	(19,829)	(1.59)
Danish kroner	4,341	(8,706)	(4,365)	(0.35)
Euro	77,287	(153,606)	(76,319)	(6.11)
Hong Kong dollar	3,713	(7,563)	(3,850)	(0.31)
Israeli new shekel	1,188	(2,059)	(871)	(0.07)
Japanese yen	56,017	(110,129)	(54,112)	(4.33)
New Zealand dollar	290	(582)	(292)	(0.02)
Norwegian krone	2,670	(5,155)	(2,485)	(0.20)
Singapore dollar	2,366	(4,734)	(2,368)	(0.19)
Swedish krona	5,161	(10,328)	(5,167)	(0.41)
Swiss franc	14,110	(28,000)	(13,890)	(1.11)
US dollar	435,698	(816,563)	(380,865)	(30.50)
<b>Total exposure to foreign currencies</b>	<b>636,642</b>	<b>(1,214,428)</b>	<b>(577,786)</b>	<b>(46.26)</b>

BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

FINANCIAL INSTRUMENTS AND RISKS (continued)

<b>31 December 2022</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2034-2036</b>				
Australian dollar	8,301	(16,653)	(8,352)	(1.07)
Canadian dollar	12,710	(24,953)	(12,243)	(1.56)
Danish kroner	2,781	(5,577)	(2,796)	(0.36)
Euro	44,894	(89,210)	(44,316)	(5.66)
Hong Kong dollar	2,409	(4,912)	(2,503)	(0.32)
Israeli new shekel	775	(1,354)	(579)	(0.07)
Japanese yen	33,078	(64,936)	(31,858)	(4.07)
New Zealand dollar	240	(482)	(242)	(0.03)
Norwegian krone	1,661	(3,209)	(1,548)	(0.20)
Singapore dollar	1,525	(3,051)	(1,526)	(0.19)
Swedish krona	3,363	(6,729)	(3,366)	(0.43)
Swiss franc	9,133	(18,086)	(8,953)	(1.14)
US dollar	266,724	(501,933)	(235,209)	(30.03)
<b>Total exposure to foreign currencies</b>	<b>387,594</b>	<b>(741,085)</b>	<b>(353,491)</b>	<b>(45.13)</b>
<b>ACS LifePath 2037-2039</b>				
Australian dollar	13,254	(26,588)	(13,334)	(1.05)
Canadian dollar	20,170	(39,679)	(19,509)	(1.53)
Danish kroner	4,541	(9,106)	(4,565)	(0.36)
Euro	67,190	(133,788)	(66,598)	(5.23)
Hong Kong dollar	3,977	(8,150)	(4,173)	(0.33)
Israeli new shekel	1,251	(2,228)	(977)	(0.08)
Japanese yen	50,220	(98,642)	(48,422)	(3.80)
New Zealand dollar	367	(736)	(369)	(0.03)
Norwegian krone	2,642	(5,124)	(2,482)	(0.20)
Singapore dollar	2,501	(5,004)	(2,503)	(0.20)
Swedish krona	5,565	(11,135)	(5,570)	(0.44)
Swiss franc	15,050	(29,877)	(14,827)	(1.16)
US dollar	418,602	(794,465)	(375,863)	(29.53)
<b>Total exposure to foreign currencies</b>	<b>605,330</b>	<b>(1,164,522)</b>	<b>(559,192)</b>	<b>(43.94)</b>

## FINANCIAL INSTRUMENTS AND RISKS (continued)

<b>31 December 2022</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2040-2042</b>				
Australian dollar	6,696	(13,361)	(6,665)	(1.02)
Canadian dollar	10,123	(19,889)	(9,766)	(1.49)
Danish kroner	2,339	(4,691)	(2,352)	(0.36)
Euro	31,870	(63,433)	(31,563)	(4.81)
Hong Kong dollar	2,066	(4,236)	(2,170)	(0.33)
Israeli new shekel	671	(1,186)	(515)	(0.08)
Japanese yen	24,165	(47,388)	(23,223)	(3.54)
New Zealand dollar	169	(339)	(170)	(0.03)
Norwegian krone	1,263	(2,534)	(1,271)	(0.19)
Singapore dollar	1,292	(2,586)	(1,294)	(0.20)
Swedish krona	2,898	(5,799)	(2,901)	(0.44)
Swiss franc	7,803	(15,469)	(7,666)	(1.17)
US dollar	207,819	(396,346)	(188,527)	(28.75)
<b>Total exposure to foreign currencies</b>	<b>299,174</b>	<b>(577,257)</b>	<b>(278,083)</b>	<b>(42.41)</b>
<b>ACS LifePath 2043-2045</b>				
Australian dollar	10,323	(20,708)	(10,385)	(0.99)
Canadian dollar	15,530	(30,567)	(15,037)	(1.43)
Danish kroner	3,666	(7,351)	(3,685)	(0.35)
Euro	46,292	(92,393)	(46,101)	(4.39)
Hong Kong dollar	3,261	(6,717)	(3,456)	(0.33)
Israeli new shekel	1,022	(1,851)	(829)	(0.08)
Japanese yen	35,749	(70,219)	(34,470)	(3.28)
New Zealand dollar	352	(705)	(353)	(0.03)
Norwegian krone	2,042	(3,978)	(1,936)	(0.18)
Singapore dollar	2,031	(4,065)	(2,034)	(0.19)
Swedish krona	4,586	(9,176)	(4,590)	(0.44)
Swiss franc	12,307	(24,448)	(12,141)	(1.16)
US dollar	316,176	(607,490)	(291,314)	(27.73)
<b>Total exposure to foreign currencies</b>	<b>453,337</b>	<b>(879,668)</b>	<b>(426,331)</b>	<b>(40.58)</b>

## FINANCIAL INSTRUMENTS AND RISKS (continued)

<b>31 December 2022</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2046-2048</b>				
Australian dollar	5,628	(10,715)	(5,087)	(0.95)
Canadian dollar	8,330	(15,638)	(7,308)	(1.36)
Danish kroner	1,994	(3,844)	(1,850)	(0.34)
Euro	23,534	(44,865)	(21,331)	(3.97)
Hong Kong dollar	1,804	(3,543)	(1,739)	(0.32)
Israeli new shekel	600	(1,026)	(426)	(0.08)
Japanese yen	18,554	(34,789)	(16,235)	(3.02)
New Zealand dollar	173	(348)	(175)	(0.03)
Norwegian krone	1,099	(2,046)	(947)	(0.18)
Polish zloty	9	(17)	(8)	–
Singapore dollar	1,117	(2,128)	(1,011)	(0.19)
South Korean won	–	(192)	(192)	(0.04)
Swedish krona	2,513	(4,842)	(2,329)	(0.43)
Swiss franc	6,747	(12,782)	(6,035)	(1.12)
US dollar	167,579	(309,618)	(142,039)	(26.43)
<b>Total exposure to foreign currencies</b>	<b>239,681</b>	<b>(446,393)</b>	<b>(206,712)</b>	<b>(38.46)</b>
<b>ACS LifePath 2049-2051</b>				
Australian dollar	7,757	(15,561)	(7,804)	(0.99)
Canadian dollar	11,348	(22,369)	(11,021)	(1.40)
Danish kroner	2,740	(5,495)	(2,755)	(0.35)
Euro	31,035	(62,228)	(31,193)	(3.97)
Hong Kong dollar	2,506	(5,189)	(2,683)	(0.34)
Israeli new shekel	794	(1,459)	(665)	(0.08)
Japanese yen	24,838	(48,843)	(24,005)	(3.06)
New Zealand dollar	206	(412)	(206)	(0.03)
Norwegian krone	1,499	(3,006)	(1,507)	(0.19)
Polish zloty	21	(43)	(22)	–
Singapore dollar	1,545	(3,092)	(1,547)	(0.20)
South Korean won	–	(453)	(453)	(0.06)
Swedish krona	3,468	(7,024)	(3,556)	(0.45)
Swiss franc	9315	(18,550)	(9,235)	(1.18)
US dollar	227,564	(442,744)	(215,180)	(27.41)
<b>Total exposure to foreign currencies</b>	<b>324,636</b>	<b>(636,468)</b>	<b>(311,832)</b>	<b>(39.71)</b>



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

<b>31 December 2022</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2052-2054</b>				
Australian dollar	3,702	(7,427)	(3,725)	(1.02)
Canadian dollar	5,378	(10,596)	(5,218)	(1.43)
Danish kroner	1,306	(2,619)	(1,313)	(0.36)
Euro	14,434	(28,878)	(14,444)	(3.97)
Hong Kong dollar	1,202	(2,489)	(1,287)	(0.35)
Israeli new shekel	404	(726)	(322)	(0.09)
Japanese yen	11,630	(22,858)	(11,228)	(3.09)
New Zealand dollar	113	(227)	(114)	(0.03)
Norwegian krone	711	(1,426)	(715)	(0.20)
Polish zloty	14	(28)	(14)	–
Singapore dollar	740	(1,480)	(740)	(0.20)
South Korean won	–	(261)	(261)	(0.07)
Swedish krona	1,657	(3,354)	(1,697)	(0.47)
Swiss franc	4,452	(8,860)	(4,408)	(1.21)
US dollar	107,431	(209,502)	(102,071)	(28.05)
<b>Total exposure to foreign currencies</b>	<b>153,174</b>	<b>(300,731)</b>	<b>(147,557)</b>	<b>(40.54)</b>
<b>ACS LifePath 2055-2057</b>				
Australian dollar	4,638	(8,842)	(4,204)	(0.92)
Canadian dollar	6,717	(12,639)	(5,922)	(1.30)
Danish kroner	1,633	(3,162)	(1,529)	(0.34)
Euro	17,909	(34,198)	(16,289)	(3.58)
Hong Kong dollar	1,508	(3,017)	(1,509)	(0.33)
Israeli new shekel	506	(875)	(369)	(0.08)
Japanese yen	14,478	(27,175)	(12,697)	(2.79)
New Zealand dollar	154	(310)	(156)	(0.03)
Norwegian krone	888	(1,660)	(772)	(0.17)
Polish zloty	12	(24)	(12)	–
Singapore dollar	927	(1,770)	(843)	(0.19)
South Korean won	–	(365)	(365)	(0.08)
Swedish krona	2,076	(4,007)	(1,931)	(0.42)
Swiss franc	5,575	(10,592)	(5,017)	(1.10)
US dollar	135,077	(251,054)	(115,977)	(25.51)
<b>Total exposure to foreign currencies</b>	<b>192,098</b>	<b>(359,690)</b>	<b>(167,592)</b>	<b>(36.84)</b>
<b>BlackRock Pension Growth Fund</b>				
Euro	–	(599,184)	(599,184)	(7.51)
US dollar	872,360	(2,498,305)	(1,625,945)	(20.38)
<b>Total exposure to foreign currencies</b>	<b>872,360</b>	<b>(3,097,489)</b>	<b>(2,225,129)</b>	<b>(27.89)</b>

## FINANCIAL INSTRUMENTS AND RISKS (continued)

<b>31 December 2021</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2019-2021</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>3,864</b>	<b>(77,972)</b>	<b>(74,108)</b>	<b>(51.27)</b>
<b>ACS LifePath 2022-2024</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>11,725</b>	<b>(293,938)</b>	<b>(282,213)</b>	<b>(53.78)</b>

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

<b>31 December 2021</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2025-2027</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>14,902</b>	<b>(462,694)</b>	<b>(447,792)</b>	<b>(55.32)</b>
<b>ACS LifePath 2028-2030</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>12,165</b>	<b>(410,056)</b>	<b>(397,891)</b>	<b>(53.21)</b>

## FINANCIAL INSTRUMENTS AND RISKS (continued)

<b>31 December 2021</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2031-2033</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>17,790</b>	<b>(682,260)</b>	<b>(664,470)</b>	<b>(51.83)</b>
<b>ACS LifePath 2034-2036</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>10,107</b>	<b>(445,933)</b>	<b>(435,826)</b>	<b>(50.93)</b>

## FINANCIAL INSTRUMENTS AND RISKS (continued)

<b>31 December 2021</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2037-2039</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>11,459</b>	<b>(638,654)</b>	<b>(627,195)</b>	<b>(49.43)</b>
<b>ACS LifePath 2040-2042</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>4,866</b>	<b>(342,297)</b>	<b>(337,431)</b>	<b>(47.96)</b>

## FINANCIAL INSTRUMENTS AND RISKS (continued)

<b>31 December 2021</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2043-2045</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>4,023</b>	<b>(470,833)</b>	<b>(466,810)</b>	<b>(46.05)</b>
<b>ACS LifePath 2046-2048</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>1,307</b>	<b>(246,499)</b>	<b>(245,192)</b>	<b>(44.03)</b>

## FINANCIAL INSTRUMENTS AND RISKS (continued)

<b>31 December 2021</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2049-2051</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>701</b>	<b>(323,633)</b>	<b>(322,932)</b>	<b>(44.94)</b>
<b>ACS LifePath 2052-2054</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>32</b>	<b>(151,828)</b>	<b>(151,796)</b>	<b>(41.93)</b>

## FINANCIAL INSTRUMENTS AND RISKS (continued)

<b>31 December 2021</b>				
<b>Foreign currency exposure</b>	<b>Gross Foreign Currency Exposure £000's</b>	<b>Forward Currency Contracts £000's</b>	<b>Net Foreign Currency Exposure £000's</b>	<b>% of Net Assets</b>
<b>ACS LifePath 2055-2057</b>				
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)
<b>Total exposure to foreign currencies</b>	<b>1</b>	<b>(158,886)</b>	<b>(158,885)</b>	<b>(42.00)</b>
<b>BlackRock Pension Growth Fund</b>				
Euro	–	(716,340)	(716,340)	(7.66)
US dollar	595,985	(3,265,456)	(2,669,471)	(28.53)
<b>Total exposure to foreign currencies</b>	<b>595,985</b>	<b>(3,981,796)</b>	<b>(3,385,811)</b>	<b>(36.19)</b>

**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.

**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 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.



## BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

### FINANCIAL INSTRUMENTS AND RISKS (continued)

#### 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 2022 and 31 December 2021, 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.

#### 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.

### FINANCIAL INSTRUMENTS AND RISKS (continued)

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 2022 Counterparty	Forwards £000's	Total Exposure £000's
<b>ACS LifePath 2022-2024</b>		
Barclays Bank	6	6
Deutsche Bank	(79)	(79)
HSBC Bank	30	30
J.P. Morgan Chase Bank	27	27
Toronto-Dominion Bank	4	4
<b>ACS LifePath 2025-2027</b>		
Barclays Bank	131	131
Deutsche Bank	(167)	(167)
HSBC Bank	(4)	(4)
Toronto-Dominion Bank	92	92
<b>ACS LifePath 2028-2030</b>		
Barclays Bank	157	157
Deutsche Bank	(103)	(103)
HSBC Bank	6	6
J.P. Morgan Chase Bank	2	2
Toronto-Dominion Bank	112	112
<b>ACS LifePath 2031-2033</b>		
Barclays Bank	373	373
Deutsche Bank	(22)	(22)
HSBC Bank	(22)	(22)
Toronto-Dominion Bank	264	264
<b>ACS LifePath 2034-2036</b>		
Barclays Bank	276	276
Deutsche Bank	40	40
HSBC Bank	(6)	(6)
Toronto-Dominion Bank	196	196
<b>ACS LifePath 2037-2039</b>		
Barclays Bank	513	513
Deutsche Bank	75	75
HSBC Bank	(17)	(17)
Toronto-Dominion Bank	365	365

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

31 December 2022 Counterparty	Forwards £000's	Total Exposure £000's
<b>ACS LifePath 2040-2042</b>		
Barclays Bank	346	346
Deutsche Bank	16	16
HSBC Bank	(5)	(5)
Toronto-Dominion Bank	201	201
<b>ACS LifePath 2043-2045</b>		
Barclays Bank	485	485
Deutsche Bank	138	138
HSBC Bank	(16)	(16)
Toronto-Dominion Bank	345	345
<b>ACS LifePath 2046-2048</b>		
Barclays Bank	274	274
Deutsche Bank	50	50
HSBC Bank	(7)	(7)
Morgan Stanley & Co. International	(7)	(7)
Toronto-Dominion Bank	195	195
UBS^	–	–
<b>ACS LifePath 2049-2051</b>		
Barclays Bank	466	466
Deutsche Bank	217	217
HSBC Bank	(13)	(13)
Morgan Stanley & Co. International	(15)	(15)
Toronto-Dominion Bank	133	133
UBS^	–	–
<b>ACS LifePath 2052-2054</b>		
Barclays Bank	186	186
Deutsche Bank	74	74
HSBC Bank	(6)	(6)
Morgan Stanley & Co. International	(9)	(9)
Toronto-Dominion Bank	140	140
UBS^	–	–

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

**BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2**

**FINANCIAL INSTRUMENTS AND RISKS (continued)**

<b>31 December 2022</b>	<b>Forwards</b>	<b>Total Exposure</b>
<b>Counterparty</b>	<b>£000's</b>	<b>£000's</b>
<b>ACS LifePath 2055-2057</b>		
Deutsche Bank	24	24
HSBC Bank	(25)	(25)
Royal Bank of Canada <sup>^</sup>	–	–
Toronto-Dominion Bank	419	419
<b>BlackRock Pension Growth Fund</b>		
Barclays Bank	24,480	24,480
BNP Paribas	27,857	27,857
Deutsche Bank	25,214	25,214
J.P. Morgan Chase Bank	1,093	1,093
Morgan Stanley & Co. International	10,286	10,286
Toronto-Dominion Bank	31,496	31,496
UBS	(2,014)	(2,014)

<sup>^</sup> 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
<b>ACS LifePath 2019-2021</b>		
Goldman Sachs	945	945
HSBC Bank	(40)	(40)
J.P. Morgan Chase Bank	(5)	(5)
Morgan Stanley & Co. International	487	487
UBS^	–	–
<b>ACS LifePath 2022-2024</b>		
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^	–	–
<b>ACS LifePath 2025-2027</b>		
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^	–	–
<b>ACS LifePath 2028-2030</b>		
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^	–	–
<b>ACS LifePath 2031-2033</b>		
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
<b>ACS LifePath 2034-2036</b>		
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
<b>ACS LifePath 2037-2039</b>		
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^	–	–
<b>ACS LifePath 2040-2042</b>		
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^	–	–
<b>ACS LifePath 2043-2045</b>		
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^	–	–
<b>ACS LifePath 2046-2048</b>		
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
<b>ACS LifePath 2049-2051</b>		
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
<b>ACS LifePath 2052-2054</b>		
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 Counterparty	Forwards £000's	Total Exposure £000's
<b>ACS LifePath 2055-2057</b>		
HSBC Bank	2,714	2,714
<b>BlackRock Pension Growth Fund</b>		
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

#### 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.

The long term credit rating of the parent company of the Depositary and Custodian, Northern Trust Corporation as at 31 December 2022 was A+ (31 December 2021: A+) (Standard & Poor's rating).

#### iii) Debt securities

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

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

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



## BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

### FINANCIAL INSTRUMENTS AND RISKS (continued)

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

#### Management of counterparty credit risk related to debt securities

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

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

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

#### iv) Counterparties

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

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

#### Management of counterparty credit risk related to counterparties

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

#### c) Liquidity risk

##### Exposure to liquidity risk

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

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

All non-derivative financial liabilities held by the Funds as at 31 December 2022 and 31 December 2021, based on contractual maturities, fall due within three months.

##### Management of liquidity risk

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

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

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

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

## BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

### FINANCIAL INSTRUMENTS AND RISKS (continued)

#### d) Valuation of financial instruments

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

##### Level 1 – Quoted prices for identical instruments in active markets

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

##### Level 2 – Valuation techniques using observable inputs

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

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

##### Level 3 – Valuation techniques using significant unobservable inputs

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

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

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

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

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

<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>ACS LifePath 2022-2024</b>				
Investment Assets				
Collective Investment Schemes	15,395	357,277	–	<b>372,672</b>
Derivatives	–	2,192	–	<b>2,192</b>
Investment liabilities				
Derivatives	–	(2,204)	–	<b>(2,204)</b>

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

<b>31 December 2022</b>	<b>Level 1 £000's</b>	<b>Level 2 £000's</b>	<b>Level 3 £000's</b>	<b>Total £000's</b>
<b>ACS LifePath 2025-2027</b>				
Investment Assets				
Collective Investment Schemes	29,791	706,798	–	<b>736,589</b>
Derivatives	–	4,168	–	<b>4,168</b>
Investment liabilities				
Derivatives	–	(4,116)	–	<b>(4,116)</b>
<b>ACS LifePath 2028-2030</b>				
Investment Assets				
Collective Investment Schemes	24,829	623,106	–	<b>647,935</b>
Derivatives	–	3,588	–	<b>3,588</b>
Investment liabilities				
Derivatives	–	(3,414)	–	<b>(3,414)</b>
<b>ACS LifePath 2031-2033</b>				
Investment Assets				
Collective Investment Schemes	42,362	1,193,324	–	<b>1,235,686</b>
Derivatives	–	6,201	–	<b>6,201</b>
Investment liabilities				
Derivatives	–	(5,608)	–	<b>(5,608)</b>
<b>ACS LifePath 2034-2036</b>				
Investment Assets				
Collective Investment Schemes	23,843	750,269	–	<b>774,112</b>
Derivatives	–	3,834	–	<b>3,834</b>
Investment liabilities				
Derivatives	–	(3,328)	–	<b>(3,328)</b>
<b>ACS LifePath 2037-2039</b>				
Investment Assets				
Collective Investment Schemes	32,401	1,224,000	–	<b>1,256,401</b>
Derivatives	–	6,013	–	<b>6,013</b>
Investment liabilities				
Derivatives	–	(5,077)	–	<b>(5,077)</b>
<b>ACS LifePath 2040-2042</b>				
Investment Assets				
Collective Investment Schemes	12,937	633,532	–	<b>646,469</b>
Derivatives	–	3,014	–	<b>3,014</b>
Investment liabilities				
Derivatives	–	(2,456)	–	<b>(2,456)</b>

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

<b>31 December 2022</b>	<b>Level 1 £000's</b>	<b>Level 2 £000's</b>	<b>Level 3 £000's</b>	<b>Total £000's</b>
<b>ACS LifePath 2043-2045</b>				
Investment Assets				
Collective Investment Schemes	15,836	1,018,861	–	<b>1,034,697</b>
Derivatives	–	4,596	–	<b>4,596</b>
Investment liabilities				
Derivatives	–	(3,644)	–	<b>(3,644)</b>
<b>ACS LifePath 2046-2048</b>				
Investment Assets				
Collective Investment Schemes	5,207	523,499	–	<b>528,706</b>
Derivatives	–	2,488	–	<b>2,488</b>
Investment liabilities				
Derivatives	–	(1,983)	–	<b>(1,983)</b>
<b>ACS LifePath 2049-2051</b>				
Investment Assets				
Collective Investment Schemes	4,188	767,499	–	<b>771,687</b>
Derivatives	–	3,338	–	<b>3,338</b>
Investment liabilities				
Derivatives	–	(2,550)	–	<b>(2,550)</b>
<b>ACS LifePath 2052-2054</b>				
Investment Assets				
Collective Investment Schemes	840	356,597	–	<b>357,437</b>
Derivatives	–	1,580	–	<b>1,580</b>
Investment liabilities				
Derivatives	–	(1,195)	–	<b>(1,195)</b>
<b>ACS LifePath 2055-2057</b>				
Investment Assets				
Collective Investment Schemes	–	446,568	–	<b>446,568</b>
Derivatives	–	1,983	–	<b>1,983</b>
Investment liabilities				
Derivatives	–	(1,565)	–	<b>(1,565)</b>
<b>BlackRock FutureWise 2023-27</b>				
Investment Assets				
Collective Investment Schemes	2,767	2,526	–	<b>5,293</b>

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

<b>31 December 2022</b>	<b>Level 1 £000's</b>	<b>Level 2 £000's</b>	<b>Level 3 £000's</b>	<b>Total £000's</b>
<b>BlackRock FutureWise 2028-32</b>				
Investment Assets				
Collective Investment Schemes	1,218	3,209	–	<b>4,427</b>
<b>BlackRock FutureWise 2033-37</b>				
Investment Assets				
Collective Investment Schemes	1,257	6,670	–	<b>7,927</b>
<b>BlackRock FutureWise Early Days Aggregator</b>				
Investment Assets				
Collective Investment Schemes	1,166	6,928	–	<b>8,094</b>
<b>BlackRock FutureWise Retirement Aggregator</b>				
Investment Assets				
Collective Investment Schemes	1,545	812	–	<b>2,357</b>
<b>BlackRock Pension Growth Fund</b>				
Investment Assets				
Collective Investment Schemes	–	7,748,558	–	<b>7,748,558</b>
Derivatives	–	125,105	–	<b>125,105</b>
Investment liabilities				
Derivatives	–	(6,693)	–	<b>(6,693)</b>
<b>31 December 2021</b>	<b>Level 1 £000's</b>	<b>Level 2 £000's</b>	<b>Level 3 £000's</b>	<b>Total £000's</b>
<b>ACS LifePath 2019-2021</b>				
Investment Assets				
Collective Investment Schemes	5,710	136,335	–	<b>142,045</b>
Derivatives	–	1,454	–	<b>1,454</b>
Investment liabilities				
Derivatives	–	(67)	–	<b>(67)</b>
<b>ACS LifePath 2022-2024</b>				
Investment Assets				
Collective Investment Schemes	21,031	496,810	–	<b>517,841</b>
Derivatives	–	5,329	–	<b>5,329</b>
Investment liabilities				
Derivatives	–	(138)	–	<b>(138)</b>

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

<b>31 December 2021</b>	<b>Level 1 £000's</b>	<b>Level 2 £000's</b>	<b>Level 3 £000's</b>	<b>Total £000's</b>
<b>ACS LifePath 2025-2027</b>				
Investment Assets				
Collective Investment Schemes	31,997	762,384	–	<b>794,381</b>
Derivatives	–	8,217	–	<b>8,217</b>
Investment liabilities				
Derivatives	–	(141)	–	<b>(141)</b>
<b>ACS LifePath 2028-2030</b>				
Investment Assets				
Collective Investment Schemes	27,011	705,593	–	<b>732,604</b>
Derivatives	–	7,355	–	<b>7,355</b>
Investment liabilities				
Derivatives	–	(169)	–	<b>(169)</b>
<b>ACS LifePath 2031-2033</b>				
Investment Assets				
Collective Investment Schemes	41,511	1,215,292	–	<b>1,256,803</b>
Derivatives	–	12,043	–	<b>12,043</b>
Investment liabilities				
Derivatives	–	(198)	–	<b>(198)</b>
<b>ACS LifePath 2034-2036</b>				
Investment Assets				
Collective Investment Schemes	24,213	814,834	–	<b>839,047</b>
Derivatives	–	7,947	–	<b>7,947</b>
Investment liabilities				
Derivatives	–	(171)	–	<b>(171)</b>
<b>ACS LifePath 2037-2039</b>				
Investment Assets				
Collective Investment Schemes	29,725	1,216,578	–	<b>1,246,303</b>
Derivatives	–	11,203	–	<b>11,203</b>
Investment liabilities				
Derivatives	–	(187)	–	<b>(187)</b>
<b>ACS LifePath 2040-2042</b>				
Investment Assets				
Collective Investment Schemes	12,649	678,553	–	<b>691,202</b>
Derivatives	–	6,037	–	<b>6,037</b>
Investment liabilities				
Derivatives	–	(112)	–	<b>(112)</b>

**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
<b>ACS LifePath 2043-2045</b>				
Investment Assets				
Collective Investment Schemes	13,466	983,975	–	<b>997,441</b>
Derivatives	–	8,234	–	<b>8,234</b>
Investment liabilities				
Derivatives	–	(132)	–	<b>(132)</b>
<b>ACS LifePath 2046-2048</b>				
Investment Assets				
Collective Investment Schemes	4,460	544,101	–	<b>548,561</b>
Derivatives	–	4,334	–	<b>4,334</b>
Investment liabilities				
Derivatives	–	(84)	–	<b>(84)</b>
<b>ACS LifePath 2049-2051</b>				
Investment Assets				
Collective Investment Schemes	2,880	706,098	–	<b>708,978</b>
Derivatives	–	5,643	–	<b>5,643</b>
Investment liabilities				
Derivatives	–	(92)	–	<b>(92)</b>
<b>ACS LifePath 2052-2054</b>				
Investment Assets				
Collective Investment Schemes	582	357,085	–	<b>357,667</b>
Derivatives	–	2,660	–	<b>2,660</b>
Investment liabilities				
Derivatives	–	(50)	–	<b>(50)</b>
<b>ACS LifePath 2055-2057</b>				
Investment Assets				
Collective Investment Schemes	–	375,626	–	<b>375,626</b>
Derivatives	–	2,755	–	<b>2,755</b>
Investment liabilities				
Derivatives	–	(41)	–	<b>(41)</b>
<b>BlackRock Pension Growth Fund</b>				
Investment Assets				
Collective Investment Schemes	–	9,129,838	–	<b>9,129,838</b>
Derivatives	–	15,178	–	<b>15,178</b>
Investment liabilities				
Derivatives	–	(33,902)	–	<b>(33,902)</b>

## BLACKROCK AUTHORISED CONTRACTUAL SCHEME 2

### FINANCIAL INSTRUMENTS AND RISKS (continued)

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

#### e) Leverage

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

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

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

Fund	Gross exposure		Commitment approach	
	Maximum limit	Leverage as at 31.12.2022	Maximum limit	Leverage as at 31.12.2022
ACS Life Path 2022-2024	4.1:1	2.78	2.1:1	1.53
ACS Life Path 2025-2027	4.1:1	2.74	2.1:1	1.50
ACS Life Path 2028-2030	4.1:1	2.69	2.1:1	1.48
ACS Life Path 2031-2033	4.1:1	2.50	2.1:1	1.47
ACS Life Path 2034-2036	4.1:1	2.46	2.1:1	1.45
ACS Life Path 2037-2039	4.1:1	2.41	2.1:1	1.44
ACS Life Path 2040-2042	4.1:1	2.36	2.1:1	1.43
ACS Life Path 2043-2045	4.1:1	2.29	2.1:1	1.41
ACS Life Path 2046-2048	4.1:1	2.38	2.1:1	1.39
ACS Life Path 2049-2051	4.1:1	2.25	2.1:1	1.40
ACS Life Path 2052-2054	4.1:1	2.28	2.1:1	1.41
ACS Life Path 2055-2057	4.1:1	2.32	2.1:1	1.37
BlackRock Pension Growth Fund	4.1:1	1.53	2.1:1	1.26

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 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 "SORPs") issued by the Investment Management Association (now known as Investment Association) in May 2014 and amended in June 2017.

As set out in the letter to unitholders dated 22 July 2022, the Fund cancelled all remaining units on 7 November 2022. As a result, these financial statements are not prepared on a going concern basis for the year ended 31 December 2022, but are prepared on a break-up basis. 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 period from 1.1.2022 to 7.11.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	126.56	117.87	108.77
Return before operating charges	(22.54)	8.71	9.12
Operating charges	(0.02)	(0.02)	(0.02)
Return after operating charges	(22.56)	8.69	9.10
Distributions	–	(1.65)	(1.82)
Retained distributions on accumulation units	–	1.65	1.82
Last quoted unit price*	104.00	–	–
<b>Closing net asset value per unit</b>	–	126.56	117.87
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(17.83)%	7.37%	8.37%
<b>Other Information</b>			
Closing net asset value (£000's)	–	144,555	177,507
Closing number of units	–	114,214,893	150,592,541
Operating charges <sup>2</sup>	–%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	126.57	128.25	117.90
Lowest bid unit price	99.00	115.70	93.25

\* As at the year end date, there are no units in issue. Unit class performance provided is as at 7 November 2022 being the last quoted price date before units were reduced to zero.

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units*</b>
Net revenue	N/A
<b>Distribution payable 28.2.2023</b>	<b>N/A</b>
<b>Distribution paid 28.2.2022</b>	<b>1.6471</b>

\* Fund closed on 7 November 2022, therefore no distribution is made for the year.

**PORTFOLIO STATEMENT**

at 31 December 2022

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

**COLLECTIVE INVESTMENT SCHEMES - 0.00%; 31.12.21 98.26%**

Equity Funds - 0.00%; 31.12.21 39.28%

Fixed Income Funds - 0.00%; 31.12.21 58.98%

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

**DERIVATIVES - 0.00%; 31.12.21 0.96%**

Forward Currency Contracts - 0.00%; 31.12.21 0.96%

<b>Portfolio of investments</b>			-	-
Net other assets			-	-
<b>Total net assets</b>			-	-

Note: No Investments are held as the Fund closed on 7 November 2022.

## STATEMENT OF TOTAL RETURN

for the year ended ended 31 December 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(24,835)	8,755
Revenue	4	1,362	2,078
Expenses	5	8	(2)
Interest payable and similar charges		–	–
Net revenue before taxation		1,370	2,076
Taxation	6	–	–
Net revenue after taxation		1,370	2,076
Total return before distributions		(23,465)	10,831
Distributions	7	(1,630)	(2,076)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(25,095)</b>	<b>8,755</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	144,555	177,507
Amounts receivable on issue of units	4,642	51,804
Amounts payable on cancellation of units	(27,773)	(95,392)
Amounts payable on in-specie transactions	(96,329)	–
	(119,460)	(43,588)
Change in net assets attributable to unitholders from investment activities	(25,095)	8,755
Retained distribution on accumulation units	–	1,881
<b>Closing net assets attributable to unitholders</b>	<b>–</b>	<b>144,555</b>

Note: The Fund closed on 7 November 2022.

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		–	143,499
Current assets			
– Debtors	8	29	1,778
– Cash and bank balances		55	–
<b>Total assets</b>		<b>84</b>	<b>145,277</b>
<b>Liabilities:</b>			
Investment liabilities		–	(67)
Creditors			
– Bank overdrafts		–	(200)
– Amount payable to the unitholders		(69)	–
– Other creditors	9	(15)	(455)
<b>Total liabilities</b>		<b>(84)</b>	<b>(722)</b>
<b>Net assets attributable to unitholders</b>		<b>–</b>	<b>144,555</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

## NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(17,003)	7,354
Forward currency contracts	(7,311)	1,401
Currency (losses)/gains	(507)	14
Custodian transaction costs	(14)	(14)
<b>Net capital (losses)/gains</b>	<b>(24,835)</b>	<b>8,755</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Equity distributions on CIS holdings	82	116
Interest distributions on CIS holdings	955	1,080
Overseas dividends	253	787
Rebate from underlying CIS holdings	7	23
Securities lending revenue	3	3
UK dividends	45	47
UK REIT dividends	2	3
US REIT dividends	15	19
<b>Total revenue</b>	<b>1,362</b>	<b>2,078</b>

**5. Expenses**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(29)	(24)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	4	6
Other expenses:		
– Audit fee	11	7
– Legal fee	–	1
– Safe custody fee	–	1
– Dividend charge <sup>*</sup>	6	11
<b>Total expenses</b>	<b>(8)</b>	<b>2</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.<sup>\*</sup> 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	–	1,881
	–	1,881
Add: Amounts deducted on cancellation of units	153	552
Add: Amounts deducted on in-specie transactions	1,498	–
Deduct: Amounts received on issue of units	(21)	(357)
<b>Distributions</b>	<b>1,630</b>	<b>2,076</b>
The distributable amount has been calculated as follows:		
Net revenue after taxation	1,370	2,076
Add: Capitalised expenses	(9)	–
Deduct: Income deficit	269	–
<b>Distributions</b>	<b>1,630</b>	<b>2,076</b>

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

## 8. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	29	45
Accrued rebate from underlying CIS holdings	–	20
Accrued revenue	–	704
Amount receivable on issue of units	–	591
Sales awaiting settlement	–	418
<b>Total debtors</b>	<b>29</b>	<b>1,778</b>

## 9. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	8	7
Accrued Depositary's fee	1	3
Amount payable for cancellation of units	–	295
Amount payable to the unitholders	69	–
Custodian transaction costs	6	14
Purchases awaiting settlement	–	136
<b>Total other creditors</b>	<b>84</b>	<b>455</b>

## 10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 Stock 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 2022:

	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
<b>Total % of units held by Affiliated Funds</b>	Nil	Nil

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
<b>Total % of units held by Affiliated Funds</b>	1	51%

**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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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 Nil (31 December 2021: 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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	114,214,893
Issued during the year	3,969,416
Cancelled during the year	(118,184,309)
<b>Balance at the end of the year</b>	<b>–</b>

**14. Subsequent Events**

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	128.79	118.43	109.05
Return before operating charges	(21.79)	10.38	9.40
Operating charges	(0.02)	(0.02)	(0.02)
Return after operating charges	(21.81)	10.36	9.38
Distributions	(1.86)	(1.59)	(1.77)
Retained distributions on accumulation units	1.86	1.59	1.77
<b>Closing net asset value per unit</b>	106.98	128.79	118.43
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(16.93)%	8.75%	8.60%
<b>Other Information</b>			
Closing net asset value (£000's)	373,907	524,696	400,130
Closing number of units	349,495,692	407,411,765	337,860,944
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	128.86	130.35	118.40
Lowest bid unit price	100.00	116.90	91.16

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	1.8586
<b>Distribution payable 28.2.2023</b>	<b>1.8586</b>
<b>Distribution paid 28.2.2022</b>	<b>1.5925</b>

## PORTFOLIO STATEMENT

at 31 December 2022

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	
<b>COLLECTIVE INVESTMENT SCHEMES - 99.67%; 31.12.21 98.69%</b>									
<b>Equity Funds - 41.39%; 31.12.21 44.46%</b>									
83,683,388	BlackRock ACS World ESG Equity Tracker Fund	109,435	29.27	SEK 499,738	Swedish krona vs UK sterling^	40	-	0.00	
14,542,435	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	13,693	3.66	CHF 295,531	Swiss franc vs UK sterling^	267	-	0.00	
2,603,855	iShares Diversified Commodity Swap UCITS ETF	15,395	4.12	GBP 8,648,474	UK sterling vs Australian dollar	(8,684)	(35)	(0.01)	
575,217	iShares Emerging Markets Index Fund (IE)	16,225	4.34	GBP 13,703,582	UK sterling vs Canadian dollar	(13,651)	52	0.01	
		<b>154,748</b>	<b>41.39</b>	GBP 2,484,349	UK sterling vs Danish krone	(2,520)	(35)	(0.01)	
<b>Fixed Income Funds - 58.28%; 31.12.21 54.23%</b>									
93,672	iShares Emerging Markets Government Bond Index Fund (LU)	9,472	2.53	GBP 64,331,858	UK sterling vs Euro	(65,246)	(914)	(0.24)	
28,939,681	iShares ESG Sterling Corporate Bond Index Fund (UK)	23,536	6.30	GBP 2,004,066	UK sterling vs Hong Kong dollar	(1,997)	7	0.00	
26,982,878	iShares Index Linked Gilt Index Fund (UK)	33,243	8.89	GBP 681,900	UK sterling vs Israel shekel	(672)	9	0.00	
13,908,684	iShares Overseas Corporate Bond Index Fund (UK)	21,328	5.70	GBP 43,863,526	UK sterling vs Japanese yen	(44,980)	(1,117)	(0.30)	
52,713,813	iShares Overseas Government Bond Index Fund (UK)	64,807	17.33	GBP 148,033	UK sterling vs New Zealand dollar	(149)	(1)	0.00	
62,649,914	iShares UK Gilts All Stocks Index Fund (UK)	65,538	17.53	GBP 1,651,676	UK sterling vs Norwegian krone	(1,658)	(6)	0.00	
		<b>217,924</b>	<b>58.28</b>	GBP 1,298,551	UK sterling vs Singapore dollar	(1,308)	(9)	0.00	
<b>DERIVATIVES - 0.00%; 31.12.21 0.99%</b>									
<b>Forward Currency Contracts - 0.00%; 31.12.21 0.99%</b>									
AUD 346,908	Australian dollar vs UK sterling	197	1	0.00	GBP 2,783,481	UK sterling vs Swedish krona	(2,800)	(17)	(0.01)
CAD 864,078	Canadian dollar vs UK sterling^	530	-	0.00	GBP 7,678,459	UK sterling vs Swiss franc	(7,749)	(70)	(0.02)
DKK 793,153	Danish krone vs UK sterling^	95	-	0.00	GBP 284,593,550	UK sterling vs United States dollar	(282,543)	2,050	0.55
EUR 2,464,501	Euro vs UK sterling	2,194	21	0.01	USD 11,853,498	United States dollar vs UK sterling	9,812	21	0.01
HKD 366,996	Hong Kong dollar vs UK sterling^	39	-	0.00					
ILS 558,821	Israel shekel vs UK sterling	132	1	0.00					
JPY 295,400,446	Japanese yen vs UK sterling	1,876	29	0.01					
NOK 1,320,309	Norwegian krone vs UK sterling	112	1	0.00					
						<b>(418,663)</b>	<b>(12)</b>	<b>0.00</b>	

PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
<b>Portfolio of investments</b>		<b>372,660</b>	<b>99.67</b>
Net other assets		1,247	0.33
<b>Total net assets</b>		<b>373,907</b>	<b>100.00</b>

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 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(94,971)	33,255
Revenue	4	7,293	6,088
Expenses	5	(17)	(33)
Interest payable and similar charges	6	–	(1)
Net revenue before taxation		7,276	6,054
Taxation	7	–	–
Net revenue after taxation		7,276	6,054
Total return before distributions		(87,695)	39,309
Distributions	8	(7,276)	(6,054)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(94,971)</b>	<b>33,255</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	524,696	400,130
Amounts receivable on issue of units	36,933	125,837
Amounts payable on cancellation of units	(99,247)	(41,014)
	(62,314)	84,823
Change in net assets attributable to unitholders from investment activities	(94,971)	33,255
Retained distribution on accumulation units	6,496	6,488
<b>Closing net assets attributable to unitholders</b>	<b>373,907</b>	<b>524,696</b>



**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		374,864	523,170
Current assets			
– Debtors	9	7,970	6,112
– Cash and bank balances		115	707
<b>Total assets</b>		<b>382,949</b>	<b>529,989</b>
<b>Liabilities:</b>			
Investment liabilities		(2,204)	(138)
Creditors			
– Other creditors	10	(6,838)	(5,155)
<b>Total liabilities</b>		<b>(9,042)</b>	<b>(5,293)</b>
<b>Net assets attributable to unitholders</b>		<b>373,907</b>	<b>524,696</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

## NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(69,214)	31,235
Forward currency contracts	(21,242)	3,834
Currency losses	(4,498)	(1,794)
Custodian transaction costs	(17)	(20)
<b>Net capital (losses)/gains</b>	<b>(94,971)</b>	<b>33,255</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	2	1
Equity distributions on CIS holdings	348	437
Interest distributions on CIS holdings	3,476	2,580
Overseas dividends	3,137	2,739
Rebate from underlying CIS holdings	36	71
Securities lending revenue	17	10
UK dividends	211	173
UK REIT dividends	11	9
US REIT dividends	55	68
<b>Total revenue</b>	<b>7,293</b>	<b>6,088</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(27)	(25)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	4	7
Other expenses:		
– Administration fee	1	–
– Audit fee	8	7
– Legal fee	1	2
– Safe custody fee	1	2
– Dividend charges <sup>*</sup>	29	40
<b>Total expenses</b>	<b>17</b>	<b>33</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest on bank overdrafts	–	1
<b>Total interest payable and similar charges</b>	<b>–</b>	<b>1</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	6,496	6,488
	6,496	6,488
Add: Amounts deducted on cancellation of units	945	298
Deduct: Amounts received on issue of units	(165)	(732)
<b>Distributions</b>	<b>7,276</b>	<b>6,054</b>

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

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	32	31
Accrued rebate from underlying CIS holdings	12	56
Accrued revenue	2,749	2,945
Amount receivable on issue of units	–	127
Sales awaiting settlement	5,177	2,953
<b>Total debtors</b>	<b>7,970</b>	<b>6,112</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	3
Accrued Safe custody fee	–	1
Amount payable for cancellation of units	6,816	4,856
Currency deals awaiting settlement	1	–
Custodian transaction costs	12	11
Purchases awaiting settlement	–	277
<b>Total other creditors</b>	<b>6,838</b>	<b>5,155</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 Stock 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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. 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 2022:

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
3%	1	97%

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
9%	1	91%

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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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 Nil (31 December 2021: 0.11%).

## 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.

NOTES TO FINANCIAL STATEMENTS (continued)

14. Units in Issue (continued)

The movement in units in issue for the year ended 31 December 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	407,411,765
Issued during the year	31,253,243
Cancelled during the year	(89,169,316)
<b>Balance at the end of the year</b>	<b>349,495,692</b>

15. Subsequent Events

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	131.06	118.68	109.41
Return before operating charges	(21.77)	12.41	9.29
Operating charges	(0.02)	(0.03)	(0.02)
Return after operating charges	(21.79)	12.38	9.27
Distributions	(1.89)	(1.65)	(1.82)
Retained distributions on accumulation units	1.89	1.65	1.82
<b>Closing net asset value per unit</b>	109.27	131.06	118.68
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(16.63)%	10.43%	8.47%
<b>Other Information</b>			
Closing net asset value (£000's)	742,791	809,626	581,088
Closing number of units	679,772,747	617,769,438	489,637,910
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	131.19	132.51	118.70
Lowest bid unit price	103.00	117.70	89.49

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.



**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	1.8906
<b>Distribution payable 28.2.2023</b>	<b>1.8906</b>
<b>Distribution paid 28.2.2022</b>	<b>1.6531</b>

## PORTFOLIO STATEMENT

at 31 December 2022

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
<b>COLLECTIVE INVESTMENT SCHEMES - 99.17%; 31.12.21 98.12%</b>										
<b>Equity Funds - 48.75%; 31.12.21 51.06%</b>										
183,318,091	BlackRock ACS World ESG Equity Tracker Fund		239,758	32.28	NOK 2,770,650	Norwegian krone vs UK sterling		235	1	0.00
22,989,992	BlackRock ACS World ESG Screened Equity Tracker Fund		25,482	3.43	SGD 140,237	Singapore dollar vs UK sterling^		87	-	0.00
34,179,657	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund		32,186	4.33	SEK 1,220,930	Swedish krona vs UK sterling^		98	-	0.00
5,038,668	iShares Diversified Commodity Swap UCITS ETF		29,791	4.01	CHF 713,782	Swiss franc vs UK sterling		644	1	0.00
3,597,306	iShares Emerging Markets Equity Index Fund (UK)		6,141	0.83	GBP 17,096,063	UK sterling vs Australian dollar	(17,165)	(69)	(0.01)	
1,017,805	iShares Emerging Markets Index Fund (IE)		28,708	3.87	GBP 26,944,647	UK sterling vs Canadian dollar	(26,842)	102	0.01	
			<b>362,066</b>	<b>48.75</b>	GBP 5,187,948	UK sterling vs Danish krone	(5,262)	(74)	(0.01)	
<b>Fixed Income Funds - 50.42%; 31.12.21 47.06%</b>					GBP 115,118,974	UK sterling vs Euro	(116,745)	(1,626)	(0.22)	
157,338	iShares Emerging Markets Government Bond Index Fund (LU)		15,910	2.14	GBP 4,349,834	UK sterling vs Hong Kong dollar	(4,335)	15	0.00	
48,231,419	iShares ESG Sterling Corporate Bond Index Fund (UK)		39,226	5.28	GBP 1,423,954	UK sterling vs Israel shekel	(1,404)	20	0.00	
52,550,940	iShares Index Linked Gilt Index Fund (UK)		64,743	8.72	GBP 79,923,028	UK sterling vs Japanese yen	(81,946)	(2,023)	(0.27)	
23,760,991	iShares Overseas Corporate Bond Index Fund (UK)		36,435	4.91	GBP 276,050	UK sterling vs New Zealand dollar	(278)	(2)	0.00	
89,371,990	iShares Overseas Government Bond Index Fund (UK)		109,876	14.79	GBP 3,408,784	UK Sterling vs Norwegian krone	(3,422)	(13)	0.00	
103,559,394	iShares UK Gilts All Stocks Index Fund (UK)		108,333	14.58	GBP 2,787,018	UK sterling vs Singapore dollar	(2,806)	(19)	0.00	
			<b>374,523</b>	<b>50.42</b>	GBP 5,958,474	UK sterling vs Swedish krona	(5,994)	(36)	0.00	
<b>DERIVATIVES - 0.01%; 31.12.21 1.00%</b>					GBP 16,487,852	UK sterling vs Swiss franc	(16,638)	(151)	(0.02)	
<b>Forward Currency Contracts - 0.01%; 31.12.21 1.00%</b>					GBP 557,130,282	UK sterling vs United States dollar	(553,173)	3,958	0.53	
AUD 854,768	Australian dollar vs UK sterling		485	3	0.00	USD 29,773,400	United States dollar vs UK sterling	24,600	(103)	(0.01)
CAD 1,931,641	Canadian dollar vs UK sterling		1,186	1	0.00		<b>(799,422)</b>	<b>52</b>	<b>0.01</b>	
DKK 1,710,174	Danish krone vs UK sterling		205	1	0.00					
EUR 5,189,406	Euro vs UK sterling		4,626	25	0.00					
HKD 808,390	Hong Kong dollar vs UK sterling^		86	-	0.00					
ILS 1,071,594	Israel shekel vs UK sterling		254	1	0.00					
JPY 641,513,670	Japanese yen vs UK sterling		4,082	40	0.01					

## PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
<b>Portfolio of investments</b>		<b>736,641</b>	<b>99.18</b>
Net other assets		6,150	0.82
<b>Total net assets</b>		<b>742,791</b>	<b>100.00</b>

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 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(155,172)	57,848
Revenue	4	12,552	9,111
Expenses	5	(45)	(58)
Interest payable and similar charges	6	–	(1)
Net revenue before taxation		12,507	9,052
Taxation	7	–	–
Net revenue after taxation		12,507	9,052
Total return before distributions		(142,665)	66,900
Distributions	8	(12,507)	(9,052)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(155,172)</b>	<b>57,848</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	809,626	581,088
Amounts receivable on issue of units	134,680	209,474
Amounts payable on cancellation of units	(59,194)	(48,996)
	75,486	160,478
Change in net assets attributable to unitholders from investment activities	(155,172)	57,848
Retained distribution on accumulation units	12,851	10,212
<b>Closing net assets attributable to unitholders</b>	<b>742,791</b>	<b>809,626</b>

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		740,757	802,598
Current assets			
– Debtors	9	8,514	11,000
– Cash and bank balances		224	1,326
<b>Total assets</b>		<b>749,495</b>	<b>814,924</b>
<b>Liabilities:</b>			
Investment liabilities		(4,116)	(141)
Creditors			
– Other creditors	10	(2,588)	(5,157)
<b>Total liabilities</b>		<b>(6,704)</b>	<b>(5,298)</b>
<b>Net assets attributable to unitholders</b>		<b>742,791</b>	<b>809,626</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

**NOTES TO FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(113,473)	55,109
Forward currency contracts	(33,754)	4,322
Currency losses	(7,929)	(1,560)
Custodian transaction costs	(16)	(23)
<b>Net capital (losses)/gains</b>	<b>(155,172)</b>	<b>57,848</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	7	1
Equity distributions on CIS holdings	863	776
Interest distributions on CIS holdings	4,859	3,327
Overseas dividends	6,179	4,471
Rebate from underlying CIS holdings	60	109
Securities lending revenue	34	15
UK dividends	416	281
UK REIT dividends	20	14
US REIT dividends	114	117
<b>Total revenue</b>	<b>12,552</b>	<b>9,111</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(30)	(24)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	5	6
Other expenses:		
– Administration fee	2	–
– Audit fee	8	7
– Legal fee	1	3
– Safe custody fee	2	3
– Dividend charges <sup>*</sup>	57	63
<b>Total expenses</b>	<b>45</b>	<b>58</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest on bank overdrafts	–	1
<b>Total interest payable and similar charges</b>	<b>–</b>	<b>1</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	12,851	10,212
	12,851	10,212
Add: Amounts deducted on cancellation of units	632	286
Deduct: Amounts received on issue of units	(976)	(1,446)
<b>Distributions</b>	<b>12,507</b>	<b>9,052</b>

Details of the final distribution per unit are set out in the table on page 80.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	33	29
Accrued rebate from underlying CIS holdings	21	86
Accrued revenue	6,406	5,044
Amount receivable on issue of units	1,485	1,205
Sales awaiting settlement	569	4,636
<b>Total debtors</b>	<b>8,514</b>	<b>11,000</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	2
Accrued Safe custody fee	1	1
Amount payable for cancellation of units	1,641	2,869
Currency deals awaiting settlement	1	1
Custodian transaction costs	11	12
Purchases awaiting settlement	925	2,265
<b>Total other creditors</b>	<b>2,588</b>	<b>5,157</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 Stock 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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 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.



## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. 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 2022:

	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
<b>Total % of units held by Affiliated Funds</b>	1	64%
36%		

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
<b>Total % of units held by Affiliated Funds</b>	1	66%
34%		

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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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 Nil (31 December 2021: 0.11%).

NOTES TO FINANCIAL STATEMENTS (continued)

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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	617,769,438
Issued during the year	115,232,605
Cancelled during the year	(53,229,296)
<b>Balance at the end of the year</b>	<b>679,772,747</b>

15. Subsequent Events

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	133.16	118.88	109.77
Return before operating charges	(21.46)	14.31	9.13
Operating charges	(0.02)	(0.03)	(0.02)
Return after operating charges	(21.48)	14.28	9.11
Distributions	(2.00)	(1.76)	(1.88)
Retained distributions on accumulation units	2.00	1.76	1.88
<b>Closing net asset value per unit</b>	111.68	133.16	118.88
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(16.13)%	12.01%	8.30%
<b>Other Information</b>			
Closing net asset value (£000's)	654,055	747,763	611,566
Closing number of units	585,672,155	561,560,436	514,439,217
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	133.34	134.43	118.90
Lowest bid unit price	105.00	118.40	87.91

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

**ACS LIFEPATH 2028-2030**

**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	1.9957
<b>Distribution payable 28.2.2023</b>	<b>1.9957</b>
<b>Distribution paid 28.2.2022</b>	<b>1.7564</b>

## PORTFOLIO STATEMENT

at 31 December 2022

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	
<b>COLLECTIVE INVESTMENT SCHEMES - 99.06%; 31.12.21 97.97%</b>									
<b>Equity Funds - 55.20%; 31.12.21 56.97%</b>									
160,009,335	BlackRock ACS World ESG Equity Tracker Fund	212,060	32.42	ILS 966,783	Israel shekel vs UK sterling	229	1	0.00	
43,636,252	BlackRock ACS World ESG Screened Equity Tracker Fund	48,364	7.40	JPY 561,510,929	Japanese yen vs UK sterling	3,575	27	0.01	
33,914,737	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	31,939	4.88	NOK 2,453,538	Norwegian krone vs UK sterling	208	1	0.00	
4,199,423	iShares Diversified Commodity Swap UCITS ETF	24,829	3.80	SGD 140,117	Singapore dollar vs UK sterling^	87	-	0.00	
950,313	iShares Emerging Markets Equity Index Fund (UK)	1,622	0.25	SEK 1,397,231	Swedish krona vs UK sterling^	112	-	0.00	
1,083,462	iShares Emerging Markets Index Fund (IE)	30,560	4.67	CHF 703,249	Swiss franc vs UK sterling	635	1	0.00	
5,601,414	iShares Global Property Securities Equity Index Fund (UK)	11,651	1.78	GBP 15,004,250	UK sterling vs Australian dollar	(15,065)	(61)	(0.01)	
		<b>361,025</b>	<b>55.20</b>	GBP 23,442,398	UK sterling vs Canadian dollar	(23,353)	89	0.01	
<b>Fixed Income Funds - 43.86%; 31.12.21 41.00%</b>									
119,694	iShares Emerging Markets Government Bond Index Fund (LU)	12,104	1.85	GBP 4,709,174	UK sterling vs Danish krone	(4,776)	(67)	(0.01)	
36,674,856	iShares ESG Sterling Corporate Bond Index Fund (UK)	29,827	4.56	GBP 93,016,952	UK sterling vs Euro	(94,326)	(1,309)	(0.20)	
43,569,907	iShares Index Linked Gilt Index Fund (UK)	53,678	8.21	GBP 4,027,658	UK sterling vs Hong Kong dollar	(4,014)	14	0.00	
17,874,614	iShares Overseas Corporate Bond Index Fund (UK)	27,409	4.19	GBP 1,332,391	UK sterling vs Israel shekel	(1,314)	19	0.00	
67,259,704	iShares Overseas Government Bond Index Fund (UK)	82,690	12.64	GBP 65,792,105	UK sterling vs Japanese yen	(67,455)	(1,663)	(0.25)	
77,623,755	iShares UK Gilts All Stocks Index Fund (UK)	81,202	12.41	GBP 328,130	UK sterling vs New Zealand dollar	(330)	(2)	0.00	
		<b>286,910</b>	<b>43.86</b>	GBP 3,013,612	UK Sterling vs Norwegian krone	(3,025)	(12)	0.00	
<b>DERIVATIVES - 0.03%; 31.12.21 0.96%</b>									
<b>Forward Currency Contracts - 0.03%; 31.12.21 0.96%</b>									
AUD 865,017	Australian dollar vs UK sterling	491	3	0.00	GBP 5,530,741	UK sterling vs Swedish krona	(5,564)	(33)	0.00
CAD 1,803,968	Canadian dollar vs UK sterling	1,107	1	0.00	GBP 15,183,647	UK sterling vs Swiss franc	(15,322)	(139)	(0.02)
DKK 1,546,157	Danish krone vs UK sterling	185	1	0.00	GBP 478,733,438	UK sterling vs United States dollar	(475,318)	3,416	0.52
EUR 4,330,149	Euro vs UK sterling	3,861	15	0.00	USD 26,746,947	United States dollar vs UK sterling	22,096	(110)	(0.02)
HKD 714,564	Hong Kong dollar vs UK sterling^	76	-	0.00			<b>(679,778)</b>	<b>174</b>	<b>0.03</b>

## PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
<b>Portfolio of investments</b>		<b>648,109</b>	<b>99.09</b>
Net other assets		5,946	0.91
<b>Total net assets</b>		<b>654,055</b>	<b>100.00</b>

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 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(137,249)	66,672
Revenue	4	11,760	9,482
Expenses	5	(45)	(63)
Interest payable and similar charges	6	–	(1)
Net revenue before taxation		11,715	9,418
Taxation	7	–	–
Net revenue after taxation		11,715	9,418
Total return before distributions		(125,534)	76,090
Distributions	8	(11,715)	(9,419)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(137,249)</b>	<b>66,671</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	747,763	611,566
Amounts receivable on issue of units	82,891	112,552
Amounts payable on cancellation of units	(51,038)	(52,889)
	31,853	59,663
Change in net assets attributable to unitholders from investment activities	(137,249)	66,671
Retained distribution on accumulation units	11,688	9,863
<b>Closing net assets attributable to unitholders</b>	<b>654,055</b>	<b>747,763</b>



**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		651,523	739,959
Current assets			
– Debtors	9	7,658	11,138
– Cash and bank balances		195	79
<b>Total assets</b>		<b>659,376</b>	<b>751,176</b>
<b>Liabilities:</b>			
Investment liabilities		(3,414)	(169)
Creditors			
– Other creditors	10	(1,907)	(3,244)
<b>Total liabilities</b>		<b>(5,321)</b>	<b>(3,413)</b>
<b>Net assets attributable to unitholders</b>		<b>654,055</b>	<b>747,763</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

**NOTES TO FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital Losses/(Gains)**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(100,445)	63,167
Forward currency contracts	(29,942)	4,472
Currency losses	(6,848)	(947)
Custodian transaction costs	(14)	(20)
<b>Net capital (losses)/gains</b>	<b>(137,249)</b>	<b>66,672</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	8	1
Equity distributions on CIS holdings	869	945
Interest distributions on CIS holdings	4,156	3,154
Overseas dividends	6,091	4,813
Rebate from underlying CIS holdings	51	112
Securities lending revenue	34	15
UK dividends	411	298
UK REIT dividends	19	15
US REIT dividends	121	129
<b>Total revenue</b>	<b>11,760</b>	<b>9,482</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from/Payable to the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(29)	(21)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Administration fee	2	–
– Audit fee	8	7
– Legal fee	1	4
– Safe custody fee	1	3
– Dividend charges <sup>*</sup>	56	64
<b>Total expenses</b>	<b>45</b>	<b>63</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest on bank overdrafts	–	1
<b>Total interest payable and similar charges</b>	<b>–</b>	<b>1</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	11,688	9,863
	11,688	9,863
Add: Amounts deducted on cancellation of units	610	300
Deduct: Amounts received on issue of units	(583)	(744)
<b>Distributions</b>	<b>11,715</b>	<b>9,419</b>
The distributable amount has been calculated as follows:		
Net revenue after taxation	11,715	9,418
Add: Revenue brought forward	–	1
<b>Distributions</b>	<b>11,715</b>	<b>9,419</b>

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

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	32	25
Accrued rebate from underlying CIS holdings	18	91
Accrued revenue	6,262	4,981
Amount receivable on issue of units	370	407
Sales awaiting settlement	976	5,634
<b>Total debtors</b>	<b>7,658</b>	<b>11,138</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	3	2
Accrued Safe custody fee	1	1
Amount payable for cancellation of units	1,650	2,980
Currency deals awaiting settlement	1	–
Custodian transaction costs	10	9
Purchases awaiting settlement	235	245
<b>Total other creditors</b>	<b>1,907</b>	<b>3,244</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 Stock 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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. 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 2022:

	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
<b>Total % of units held by Affiliated Funds</b>	1	88%
12%		

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
<b>Total % of units held by Affiliated Funds</b>	1	87%
13%		

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 2022, 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 Nil (31 December 2021: 0.10%).

NOTES TO FINANCIAL STATEMENTS (continued)

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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	561,560,436
Issued during the year	69,671,250
Cancelled during the year	(45,559,531)
<b>Balance at the end of the year</b>	<b>585,672,155</b>

15. Subsequent Events

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	135.50	119.48	110.25
Return before operating charges	(21.53)	16.05	9.25
Operating charges	(0.02)	(0.03)	(0.02)
Return after operating charges	(21.55)	16.02	9.23
Distributions	(2.05)	(1.79)	(1.91)
Retained distributions on accumulation units	2.05	1.79	1.91
<b>Closing net asset value per unit</b>	113.95	135.50	119.48
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(15.90)%	13.41%	8.37%
<b>Other Information</b>			
Closing net asset value (£000's)	1,248,581	1,281,997	866,115
Closing number of units	1,095,699,825	946,137,205	724,875,945
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	135.75	136.63	119.50
Lowest bid unit price	108.00	119.30	86.59

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.



**ACS LIFEPATH 2031-2033**

**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	2.0517
<b>Distribution payable 28.2.2023</b>	<b>2.0517</b>
<b>Distribution paid 28.2.2022</b>	<b>1.7943</b>

## PORTFOLIO STATEMENT

at 31 December 2022

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
<b>COLLECTIVE INVESTMENT SCHEMES - 98.97%; 31.12.21 98.03%</b>								
<b>Equity Funds - 61.21%; 31.12.21 62.96%</b>								
305,167,851	BlackRock ACS World ESG Equity Tracker Fund	404,441	32.39	GBP 26,558,513	UK sterling vs Australian dollar	(26,666)	(108)	(0.01)
133,842,033	BlackRock ACS World ESG Screened Equity Tracker Fund	148,353	11.88	GBP 41,183,084	UK sterling vs Canadian dollar	(41,026)	156	0.01
71,154,901	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	67,005	5.37	GBP 8,584,574	UK sterling vs Danish krone	(8,706)	(122)	(0.01)
7,164,752	iShares Diversified Commodity Swap UCITS ETF	42,362	3.40	GBP 152,816,726	UK sterling vs Euro	(154,969)	(2,152)	(0.17)
2,404,676	iShares Emerging Markets Index Fund (IE)	67,826	5.43	GBP 7,588,807	UK sterling vs Hong Kong dollar	(7,563)	26	0.00
16,452,974	iShares Global Property Securities Equity Index Fund (UK)	34,221	2.74	GBP 2,416,824	UK sterling vs Israel shekel	(2,383)	34	0.00
		<b>764,208</b>	<b>61.21</b>	GBP 109,850,592	UK sterling vs Japanese yen	(112,627)	(2,776)	(0.22)
<b>Fixed Income Funds - 37.76%; 31.12.21 35.07%</b>								
188,854	iShares Emerging Markets Government Bond Index Fund (LU)	19,097	1.53	GBP 578,239	UK sterling vs New Zealand dollar	(582)	(4)	0.00
57,542,616	iShares ESG Sterling Corporate Bond Index Fund (UK)	46,798	3.75	GBP 5,331,651	UK sterling vs Norwegian krone	(5,352)	(21)	0.00
75,724,892	iShares Index Linked Gilt Index Fund (UK)	93,293	7.47	GBP 4,701,203	UK sterling vs Singapore dollar	(4,734)	(32)	0.00
28,551,863	iShares Overseas Corporate Bond Index Fund (UK)	43,781	3.51	GBP 10,266,342	UK sterling vs Swedish krona	(10,328)	(61)	0.00
109,721,385	iShares Overseas Government Bond Index Fund (UK)	134,894	10.80	GBP 28,023,191	UK sterling vs Swiss franc	(28,279)	(256)	(0.02)
127,727,944	iShares UK Gilts All Stocks Index Fund (UK)	133,615	10.70	GBP 836,662,934	UK sterling vs United States dollar	(830,706)	5,957	0.48
		<b>471,478</b>	<b>37.76</b>	USD 17,122,895	United States dollar vs UK sterling	14,144	(76)	(0.01)
						<b>(1,214,428)</b>	<b>593</b>	<b>0.05</b>
<b>DERIVATIVES - 0.05%; 31.12.21 0.92%</b>						<b>Portfolio of investments</b>		
<b>Forward Currency Contracts - 0.05%; 31.12.21 0.92%</b>						Net other assets		
CAD 1,121,839	Canadian dollar vs UK sterling	689	1	0.00				
EUR 1,527,656	Euro vs UK sterling	1,362	4	0.00				
ILS 1,367,252	Israel shekel vs UK sterling	324	2	0.00				
JPY 392,226,594	Japanese yen vs UK sterling	2,497	19	0.00				
NOK 2,342,089	Norwegian krone vs UK sterling	199	1	0.00				
CHF 308,676	Swiss franc vs UK sterling	278	1	0.00				
						<b>1,236,279</b>	<b>99.02</b>	
							12,302	0.98
						<b>1,248,581</b>	<b>100.00</b>	

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 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(240,344)	114,969
Revenue	4	21,412	14,886
Expenses	5	(95)	(108)
Interest payable and similar charges	6	(1)	(1)
Net revenue before taxation		21,316	14,777
Taxation	7	–	–
Net revenue after taxation		21,316	14,777
Total return before distributions		(219,028)	129,746
Distributions	8	(21,316)	(14,777)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(240,344)</b>	<b>114,969</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	1,281,997	866,115
Amounts receivable on issue of units	233,632	321,378
Amounts payable on cancellation of units	(49,185)	(37,442)
	184,447	283,936
Change in net assets attributable to unitholders from investment activities	(240,344)	114,969
Retained distribution on accumulation units	22,481	16,977
<b>Closing net assets attributable to unitholders</b>	<b>1,248,581</b>	<b>1,281,997</b>

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		1,241,887	1,268,846
Current assets			
– Debtors	9	13,967	15,934
– Cash and bank balances		374	1,546
<b>Total assets</b>		<b>1,256,228</b>	<b>1,286,326</b>
<b>Liabilities:</b>			
Investment liabilities		(5,608)	(198)
Creditors			
– Other creditors	10	(2,039)	(4,131)
<b>Total liabilities</b>		<b>(7,647)</b>	<b>(4,329)</b>
<b>Net assets attributable to unitholders</b>		<b>1,248,581</b>	<b>1,281,997</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

**NOTES TO FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(176,708)	110,609
Forward currency contracts	(52,294)	6,282
Currency losses	(11,326)	(1,897)
Custodian transaction costs	(16)	(25)
<b>Net capital (losses)/gains</b>	<b>(240,344)</b>	<b>114,969</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	19	1
Equity distributions on CIS holdings	1,700	1,584
Interest distributions on CIS holdings	6,425	4,152
Overseas dividends	12,022	8,186
Rebate from underlying CIS holdings	83	173
Securities lending revenue	67	26
UK dividends	812	513
UK REIT dividends	35	24
US REIT dividends	249	227
<b>Total revenue</b>	<b>21,412</b>	<b>14,886</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(35)	(21)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Administration fee	3	–
– Audit fee	8	7
– Legal fee	2	5
– Safe custody fee	2	4
– Dividend charges <sup>*</sup>	109	107
<b>Total expenses</b>	<b>95</b>	<b>108</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest on bank overdrafts	1	1
<b>Total interest payable and similar charges</b>	<b>1</b>	<b>1</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	22,481	16,977
	22,481	16,977
Add: Amounts deducted on cancellation of units	609	159
Deduct: Amounts received on issue of units	(1,774)	(2,359)
<b>Distributions</b>	<b>21,316</b>	<b>14,777</b>

Details of the final distribution per unit are set out in the table on page 104.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	37	24
Accrued rebate from underlying CIS holdings	31	137
Accrued revenue	13,167	9,240
Amount receivable on issue of units	732	3,573
Sales awaiting settlement	–	2,960
<b>Total debtors</b>	<b>13,967</b>	<b>15,934</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	3	2
Accrued Safe custody fee	1	1
Amount payable for cancellation of units	1,432	293
Currency deals awaiting settlement	2	–
Custodian transaction costs	11	12
Purchases awaiting settlement	583	3,816
<b>Total other creditors</b>	<b>2,039</b>	<b>4,131</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 Stock 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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 and 10. Securities lending revenue earned by the Fund is disclosed in note 4.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. Related Parties (continued)

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 2022:

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
44%	1	56%

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
32%	1	68%

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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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.



## NOTES TO FINANCIAL STATEMENTS (continued)

**13. Portfolio Transaction Costs (continued)**

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 Nil (31 December 2021: 0.10%).

**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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	946,137,205
Issued during the year	192,761,161
Cancelled during the year	(43,198,541)
<b>Balance at the end of the year</b>	<b>1,095,699,825</b>

**15. Subsequent Events**

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	137.70	119.92	110.70
Return before operating charges	(21.41)	17.81	9.24
Operating charges	(0.02)	(0.03)	(0.02)
Return after operating charges	(21.43)	17.78	9.22
Distributions	(2.16)	(1.88)	(1.97)
Retained distributions on accumulation units	2.16	1.88	1.97
<b>Closing net asset value per unit</b>	116.27	137.70	119.92
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(15.56)%	14.83%	8.33%
<b>Other Information</b>			
Closing net asset value (£000's)	783,233	855,790	643,309
Closing number of units	673,656,387	621,494,166	536,468,013
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	138.01	138.72	119.90
Lowest bid unit price	110.00	119.70	85.15

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	2.1563
<b>Distribution payable 28.2.2023</b>	<b>2.1563</b>
<b>Distribution paid 28.2.2022</b>	<b>1.8763</b>

## PORTFOLIO STATEMENT

at 31 December 2022

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
<b>COLLECTIVE INVESTMENT SCHEMES - 98.84%; 31.12.21 98.04%</b>										
<b>Equity Funds - 66.85%; 31.12.21 68.93%</b>										
190,724,599	BlackRock ACS World ESG Equity Tracker Fund		252,780	32.27	GBP 16,586,151	UK sterling vs Australian dollar		(16,653)	(67)	(0.01)
118,341,184	BlackRock ACS World ESG Screened Equity Tracker Fund		131,173	16.75	GBP 25,523,525	UK sterling vs Canadian dollar		(25,426)	97	0.01
49,845,440	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund		46,944	5.99	GBP 5,499,199	UK sterling vs Danish krone		(5,577)	(78)	(0.01)
4,032,679	iShares Diversified Commodity Swap UCITS ETF		23,843	3.05	GBP 88,766,850	UK sterling vs Euro		(90,016)	(1,250)	(0.16)
1,582,568	iShares Emerging Markets Index Fund (IE)		44,638	5.70	GBP 4,929,482	UK sterling vs Hong Kong dollar		(4,913)	17	0.00
11,621,118	iShares Global Property Securities Equity Index Fund (UK)		24,171	3.09	GBP 1,576,834	UK sterling vs Israel shekel		(1,555)	22	0.00
			<b>523,549</b>	<b>66.85</b>	GBP 64,865,520	UK sterling vs Japanese yen		(66,505)	(1,639)	(0.21)
<b>Fixed Income Funds - 31.99%; 31.12.21 29.11%</b>										
103,063	iShares Emerging Markets Government Bond Index Fund (LU)		10,422	1.33	GBP 478,466	UK sterling vs New Zealand dollar		(482)	(3)	0.00
30,966,693	iShares ESG Sterling Corporate Bond Index Fund (UK)		25,184	3.22	GBP 3,318,717	UK sterling vs Norwegian krone		(3,332)	(13)	0.00
41,213,062	iShares Index Linked Gilt Index Fund (UK)		50,775	6.48	GBP 3,029,799	UK sterling vs Singapore dollar		(3,051)	(21)	0.00
14,931,911	iShares Overseas Corporate Bond Index Fund (UK)		22,897	2.92	GBP 6,688,509	UK sterling vs Swedish krona		(6,729)	(40)	0.00
57,491,344	iShares Overseas Government Bond Index Fund (UK)		70,681	9.02	GBP 18,137,661	UK sterling vs Swiss franc		(18,303)	(165)	(0.02)
67,493,169	iShares UK Gilts All Stocks Index Fund (UK)		70,604	9.02	GBP 514,620,542	UK sterling vs United States dollar		(510,939)	3,681	0.47
			<b>250,563</b>	<b>31.99</b>	USD 10,904,400	United States dollar vs UK sterling		9,006	(52)	(0.01)
								<b>(741,085)</b>	<b>506</b>	<b>0.06</b>
<b>DERIVATIVES - 0.06%; 31.12.21 0.91%</b>					<b>Portfolio of investments</b>					
<b>Forward Currency Contracts - 0.06%; 31.12.21 0.91%</b>					Net other assets					
CAD 770,921	Canadian dollar vs UK sterling^		473	0.00						
EUR 904,522	Euro vs UK sterling		807	0.00						
ILS 846,283	Israel shekel vs UK sterling		201	0.00						
JPY 246,444,675	Japanese yen vs UK sterling		1,569	0.00						
NOK 1,443,019	Norwegian krone vs UK sterling		123	0.00						
CHF 240,835	Swiss franc vs UK sterling^		217	0.00						
					<b>Total net assets</b>					
					<b>774,618</b>					
					<b>98.90</b>					
					<b>8,615</b>					
					<b>1.10</b>					
					<b>783,233</b>					
					<b>100.00</b>					
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 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(153,150)	90,283
Revenue	4	14,227	10,903
Expenses	5	(57)	(77)
Interest payable and similar charges	6	(1)	(1)
Net revenue before taxation		14,169	10,825
Taxation	7	–	–
Net revenue after taxation		14,169	10,825
Total return before distributions		(138,981)	101,108
Distributions	8	(14,165)	(10,826)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(153,146)</b>	<b>90,282</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	855,790	643,309
Amounts receivable on issue of units	102,339	141,486
Amounts payable on cancellation of units	(36,276)	(30,948)
	66,063	110,538
Change in net assets attributable to unitholders from investment activities	(153,146)	90,282
Retained distribution on accumulation units	14,526	11,661
<b>Closing net assets attributable to unitholders</b>	<b>783,233</b>	<b>855,790</b>

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		777,946	846,994
Current assets			
– Debtors	9	9,378	9,180
– Cash and bank balances		231	500
<b>Total assets</b>		<b>787,555</b>	<b>856,674</b>
<b>Liabilities:</b>			
Investment liabilities		(3,328)	(171)
Creditors			
– Other creditors	10	(994)	(713)
<b>Total liabilities</b>		<b>(4,322)</b>	<b>(884)</b>
<b>Net assets attributable to unitholders</b>		<b>783,233</b>	<b>855,790</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

**NOTES TO FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(112,128)	86,409
Forward currency contracts	(33,573)	5,939
Currency losses	(7,432)	(2,045)
Custodian transaction costs	(17)	(20)
<b>Net capital (losses)/gains</b>	<b>(153,150)</b>	<b>90,283</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	15	1
Equity distributions on CIS holdings	1,191	1,239
Interest distributions on CIS holdings	3,641	2,601
Overseas dividends	8,502	6,327
Rebate from underlying CIS holdings	46	126
Securities lending revenue	48	19
UK dividends	574	393
UK REIT dividends	23	18
US REIT dividends	187	179
<b>Total revenue</b>	<b>14,227</b>	<b>10,903</b>



## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(36)	(22)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	5	6
Other expenses:		
– Administration fee	2	–
– Audit fee	8	7
– Legal fee	1	4
– Safe custody fee	1	3
– Dividend charges <sup>*</sup>	76	79
<b>Total expenses</b>	<b>57</b>	<b>77</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest on bank overdrafts	1	1
<b>Total interest payable and similar charges</b>	<b>1</b>	<b>1</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	14,526	11,661
	14,526	11,661
Add: Amounts deducted on cancellation of units	473	114
Deduct: Amounts received on issue of units	(834)	(949)
<b>Distributions</b>	<b>14,165</b>	<b>10,826</b>
The distributable amount has been calculated as follows:		
Net revenue after taxation	14,169	10,825
Add: Revenue brought forward	–	1
Add: Capitalised expenses	(4)	–
<b>Distributions</b>	<b>14,165</b>	<b>10,826</b>

Details of the final distribution per unit are set out in the table on page 115.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	36	25
Accrued rebate from underlying CIS holdings	17	103
Accrued revenue	9,108	6,685
Amount receivable on issue of units	217	96
Sales awaiting settlement	–	2,271
<b>Total debtors</b>	<b>9,378</b>	<b>9,180</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	1	2
Accrued Safe custody fee	1	1
Amount payable for cancellation of units	–	456
Currency deals awaiting settlement	1	–
Custodian transaction costs	10	10
Purchases awaiting settlement	974	237
<b>Total other creditors</b>	<b>994</b>	<b>713</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 Stock 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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. 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 2022:

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 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%

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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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 Nil (31 December 2021: 0.09%).

NOTES TO FINANCIAL STATEMENTS (continued)

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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	621,494,166
Issued during the year	83,783,892
Cancelled during the year	(31,621,671)
<b>Balance at the end of the year</b>	<b>673,656,387</b>

15. Subsequent Events

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	140.20	120.54	111.19
Return before operating charges	(21.24)	19.69	9.37
Operating charges	(0.03)	(0.03)	(0.02)
Return after operating charges	(21.27)	19.66	9.35
Distributions	(2.25)	(1.93)	(2.00)
Retained distributions on accumulation units	2.25	1.93	2.00
<b>Closing net asset value per unit</b>	118.93	140.20	120.54
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(15.17)%	16.31%	8.41%
<b>Other Information</b>			
Closing net asset value (£000's)	1,272,717	1,268,771	848,426
Closing number of units	1,070,123,723	905,001,815	703,881,929
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	140.57	141.21	120.60
Lowest bid unit price	113.00	120.30	83.69

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	2.2490
<b>Distribution payable 28.2.2023</b>	<b>2.2490</b>
<b>Distribution paid 28.2.2022</b>	<b>1.9297</b>

## PORTFOLIO STATEMENT

at 31 December 2022

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
<b>COLLECTIVE INVESTMENT SCHEMES - 98.72%; 31.12.21 98.23%</b>								
<b>Equity Funds - 72.79%; 31.12.21 75.12%</b>								
309,917,200	BlackRock ACS World ESG Equity Tracker Fund	410,755	32.27	GBP 26,480,773	UK sterling vs Australian dollar	(26,588)	(107)	(0.01)
250,595,970	BlackRock ACS World ESG Screened Equity Tracker Fund	277,769	21.82	GBP 40,504,263	UK sterling vs Canadian dollar	(40,350)	154	0.01
88,634,316	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	83,467	6.56	GBP 8,979,107	UK sterling vs Danish krone	(9,107)	(127)	(0.01)
5,480,000	iShares Diversified Commodity Swap UCITS ETF	32,401	2.55	GBP 132,850,076	UK sterling vs Euro	(134,722)	(1,872)	(0.15)
2,783,073	iShares Emerging Markets Index Fund (IE)	78,499	6.17	GBP 8,177,283	UK sterling vs Hong Kong dollar	(8,150)	27	0.00
20,896,219	iShares Global Property Securities Equity Index Fund (UK)	43,463	3.42	GBP 2,544,260	UK sterling vs Israel shekel	(2,509)	35	0.00
		<b>926,354</b>	<b>72.79</b>	GBP 98,484,287	UK sterling vs Japanese yen	(100,972)	(2,487)	(0.19)
<b>Fixed Income Funds - 25.93%; 31.12.21 23.11%</b>								
124,279	iShares Emerging Markets Government Bond Index Fund (LU)	12,568	0.99	GBP 730,549	UK sterling vs New Zealand dollar	(736)	(5)	0.00
39,750,725	iShares ESG Sterling Corporate Bond Index Fund (UK)	32,328	2.54	GBP 5,278,756	UK Sterling vs Norwegian krone	(5,299)	(20)	0.00
57,527,411	iShares Index Linked Gilt Index Fund (UK)	70,874	5.57	GBP 4,969,812	UK sterling vs Singapore dollar	(5,004)	(34)	0.00
19,796,650	iShares Overseas Corporate Bond Index Fund (UK)	30,356	2.38	GBP 11,068,964	UK sterling vs Swedish krona	(11,135)	(66)	0.00
74,758,982	iShares Overseas Government Bond Index Fund (UK)	91,910	7.22	GBP 29,891,079	UK sterling vs Swiss franc	(30,164)	(273)	(0.02)
87,957,132	iShares UK Gilts All Stocks Index Fund (UK)	92,011	7.23	GBP 815,204,839	UK sterling vs United States dollar	(809,433)	5,772	0.45
		<b>330,047</b>	<b>25.93</b>	USD 18,122,289	United States dollar vs UK sterling	14,968	(86)	(0.01)
						<b>(1,164,522)</b>	<b>936</b>	<b>0.07</b>
<b>DERIVATIVES - 0.07%; 31.12.21 0.87%</b>						<b>Portfolio of investments 1,257,337 98.79</b>		
<b>Forward Currency Contracts - 0.07%; 31.12.21 0.87%</b>						Net other assets 15,380 1.21		
						<b>Total net assets 1,272,717 100.00</b>		
CAD 1,093,075	Canadian dollar vs UK sterling	671	1	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. All underlying funds are managed by a related party. The counterparties for the forward currency contracts are disclosed in note 2(b)(i).			
EUR 1,047,266	Euro vs UK sterling	934	4	0.00				
ILS 1,184,757	Israel shekel vs UK sterling	281	1	0.00				
JPY 365,872,985	Japanese yen vs UK sterling	2,330	17	0.00				
NOK 2,068,281	Norwegian krone vs UK sterling	176	1	0.00				
CHF 317,980	Swiss franc vs UK sterling	287	1	0.00				



## STATEMENT OF TOTAL RETURN

for the year ended 31 December 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(228,923)	137,739
Revenue	4	22,631	15,460
Expenses	5	(109)	(117)
Interest payable and similar charges	6	(2)	(1)
Net revenue before taxation		22,520	15,342
Taxation	7	–	–
Net revenue after taxation		22,520	15,342
Total return before distributions		(206,403)	153,081
Distributions	8	(22,520)	(15,342)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(228,923)</b>	<b>137,739</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	1,268,771	848,426
Amounts receivable on issue of units	243,102	302,874
Amounts payable on cancellation of units	(34,300)	(37,732)
	208,802	265,142
Change in net assets attributable to unitholders from investment activities	(228,923)	137,739
Retained distribution on accumulation units	24,067	17,464
<b>Closing net assets attributable to unitholders</b>	<b>1,272,717</b>	<b>1,268,771</b>

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		1,262,414	1,257,506
Current assets			
– Debtors	9	18,246	12,099
– Cash and bank balances		375	1,603
<b>Total assets</b>		<b>1,281,035</b>	<b>1,271,208</b>
<b>Liabilities:</b>			
Investment liabilities		(5,077)	(187)
Creditors			
– Other creditors	10	(3,241)	(2,250)
<b>Total liabilities</b>		<b>(8,318)</b>	<b>(2,437)</b>
<b>Net assets attributable to unitholders</b>		<b>1,272,717</b>	<b>1,268,771</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

## NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(168,745)	132,477
Forward currency contracts	(49,682)	6,502
Currency losses	(10,480)	(1,214)
Custodian transaction costs	(16)	(26)
<b>Net capital (losses)/gains</b>	<b>(228,923)</b>	<b>137,739</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	27	2
Equity distributions on CIS holdings	2,175	1,877
Interest distributions on CIS holdings	4,634	2,911
Overseas dividends	14,323	9,567
Rebate from underlying CIS holdings	61	174
Securities lending revenue	81	27
UK dividends	970	598
UK REIT dividends	38	26
US REIT dividends	322	278
<b>Total revenue</b>	<b>22,631</b>	<b>15,460</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(40)	(24)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	7
Other expenses:		
– Administration fee	4	–
– Audit fee	8	7
– Legal fee	2	4
– Safe custody fee	1	4
– Dividend charges <sup>*</sup>	128	119
<b>Total expenses</b>	<b>109</b>	<b>117</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest on bank overdrafts	2	1
<b>Total interest payable and similar charges</b>	<b>2</b>	<b>1</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	24,067	17,464
	24,067	17,464
Add: Amounts deducted on cancellation of units	470	95
Deduct: Amounts received on issue of units	(2,017)	(2,217)
<b>Distributions</b>	<b>22,520</b>	<b>15,342</b>

Details of the final distribution per unit are set out in the table on page 126.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	42	28
Accrued rebate from underlying CIS holdings	23	139
Accrued revenue	16,243	10,673
Amount receivable on issue of units	1,938	1,259
<b>Total debtors</b>	<b>18,246</b>	<b>12,099</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	3	3
Amount payable for cancellation of units	–	129
Accrued Safe custody fee	1	1
Currency deals awaiting settlement	2	–
Custodian transaction costs	10	11
Purchases awaiting settlement	3,218	2,099
<b>Total other creditors</b>	<b>3,241</b>	<b>2,250</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock Lending Agent:	BlackRock Advisor (UK) Limited

The ultimate holding company of the Manager, Investment Manager and Stock 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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. 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 2022:

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
40%	1	60%

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
35%	1	65%

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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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 Nil (31 December 2021: 0.09%).

NOTES TO FINANCIAL STATEMENTS (continued)

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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	905,001,815
Issued during the year	194,599,436
Cancelled during the year	(29,477,528)
<b>Balance at the end of the year</b>	<b>1,070,123,723</b>

15. Subsequent Events

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	142.24	120.83	111.61
Return before operating charges	(20.82)	21.44	9.24
Operating charges	(0.03)	(0.03)	(0.02)
Return after operating charges	(20.85)	21.41	9.22
Distributions	(2.37)	(2.03)	(2.07)
Retained distributions on accumulation units	2.37	2.03	2.07
<b>Closing net asset value per unit</b>	121.39	142.24	120.83
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(14.66)%	17.72%	8.26%
<b>Other Information</b>			
Closing net asset value (£000's)	655,647	703,874	517,142
Closing number of units	540,106,872	494,846,852	427,988,090
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	142.68	143.24	120.90
Lowest bid unit price	116.00	120.60	81.82

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

**ACS LIFEPATH 2040-2042**

**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	2.3650
<b>Distribution payable 28.2.2023</b>	<b>2.3650</b>
<b>Distribution paid 28.2.2022</b>	<b>2.0278</b>

## PORTFOLIO STATEMENT

at 31 December 2022

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
<b>COLLECTIVE INVESTMENT SCHEMES - 98.60%; 31.12.21 98.20%</b>										
<b>Equity Funds - 78.58%; 31.12.21 80.69%</b>										
159,556,285	BlackRock ACS World ESG Equity Tracker Fund		211,469	32.25	GBP 13,378,812	UK sterling vs Australian dollar		(13,433)	(54)	(0.01)
158,576,036	BlackRock ACS World ESG Screened Equity Tracker Fund		175,770	26.81	GBP 20,328,551	UK sterling vs Canadian dollar		(20,251)	78	0.01
49,868,515	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund		46,964	7.16	GBP 4,625,090	UK sterling vs Danish krone		(4,691)	(66)	(0.01)
2,188,140	iShares Diversified Commodity Swap UCITS ETF		12,937	1.97	GBP 63,014,593	UK sterling vs Euro		(63,903)	(888)	(0.13)
1,551,247	iShares Emerging Markets Index Fund (IE)		43,755	6.68	GBP 4,250,078	UK sterling vs Hong Kong dollar		(4,236)	14	0.00
11,693,163	iShares Global Property Securities Equity Index Fund (UK)		24,321	3.71	GBP 1,365,027	UK sterling vs Israel shekel		(1,346)	19	0.00
			<b>515,216</b>	<b>78.58</b>	GBP 47,388,062	UK sterling vs Japanese yen		(48,585)	(1,197)	(0.18)
<b>Fixed Income Funds - 20.02%; 31.12.21 17.51%</b>										
50,081	iShares Emerging Markets Government Bond Index Fund (LU)		5,064	0.77	GBP 336,216	UK sterling vs New Zealand dollar		(339)	(2)	0.00
15,580,440	iShares ESG Sterling Corporate Bond Index Fund (UK)		12,671	1.94	GBP 2,524,190	UK sterling vs Norwegian krone		(2,534)	(10)	0.00
24,159,919	iShares Index Linked Gilt Index Fund (UK)		29,765	4.54	GBP 2,568,320	UK sterling vs Singapore dollar		(2,586)	(18)	0.00
7,916,093	iShares Overseas Corporate Bond Index Fund (UK)		12,138	1.85	GBP 5,764,103	UK sterling vs Swedish krona		(5,799)	(35)	(0.01)
29,176,482	iShares Overseas Government Bond Index Fund (UK)		35,870	5.47	GBP 15,496,737	UK sterling vs Swiss franc		(15,638)	(141)	(0.02)
34,169,565	iShares UK Gilts All Stocks Index Fund (UK)		35,745	5.45	GBP 407,082,276	UK sterling vs United States dollar		(404,192)	2,891	0.44
			<b>131,253</b>	<b>20.02</b>	USD 9,499,839	United States dollar vs UK sterling		7,846	(45)	(0.01)
								<b>(577,259)</b>	<b>558</b>	<b>0.08</b>
<b>DERIVATIVES - 0.08%; 31.12.21 0.84%</b>										
<b>Forward Currency Contracts - 0.08%; 31.12.21 0.84%</b>										
AUD 126,183	Australian dollar vs UK sterling^		72	—	0.00					
CAD 589,366	Canadian dollar vs UK sterling^		362	—	0.00					
EUR 526,085	Euro vs UK sterling		469	2	0.00					
ILS 676,537	Israel shekel vs UK sterling		160	1	0.00					
JPY 187,896,197	Japanese yen vs UK sterling		1,196	9	0.00					
CHF 187,435	Swiss franc vs UK sterling^		169	—	0.00					
								<b>Portfolio of investments</b>	<b>647,027</b>	<b>98.68</b>
								Net other assets	8,620	1.32
								<b>Total net assets</b>	<b>655,647</b>	<b>100.00</b>
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 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(121,030)	87,207
Revenue	4	12,528	9,359
Expenses	5	(55)	(64)
Interest payable and similar charges	6	(2)	(1)
Net revenue before taxation		12,471	9,294
Taxation	7	–	–
Net revenue after taxation		12,471	9,294
Total return before distributions		(108,559)	96,501
Distributions	8	(12,471)	(9,294)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(121,030)</b>	<b>87,207</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	703,874	517,142
Amounts receivable on issue of units	92,696	117,785
Amounts payable on cancellation of units	(32,667)	(28,295)
	60,029	89,490
Change in net assets attributable to unitholders from investment activities	(121,030)	87,207
Retained distribution on accumulation units	12,774	10,035
<b>Closing net assets attributable to unitholders</b>	<b>655,647</b>	<b>703,874</b>

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		649,483	697,239
Current assets			
– Debtors	9	9,799	7,003
– Cash and bank balances		190	733
<b>Total assets</b>		<b>659,472</b>	<b>704,975</b>
<b>Liabilities:</b>			
Investment liabilities		(2,456)	(112)
Creditors			
– Other creditors	10	(1,369)	(989)
<b>Total liabilities</b>		<b>(3,825)</b>	<b>(1,101)</b>
<b>Net assets attributable to unitholders</b>		<b>655,647</b>	<b>703,874</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

**NOTES TO FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(89,299)	83,399
Forward currency contracts	(26,346)	4,113
Currency losses	(5,372)	(285)
Custodian transaction costs	(13)	(20)
<b>Net capital (losses)/gains</b>	<b>(121,030)</b>	<b>87,207</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	17	1
Equity distributions on CIS holdings	1,263	1,244
Interest distributions on CIS holdings	2,075	1,432
Overseas dividends	8,318	5,998
Rebate from underlying CIS holdings	26	103
Securities lending revenue	47	17
UK dividends	564	371
UK REIT dividends	21	16
US REIT dividends	197	177
<b>Total revenue</b>	<b>12,528</b>	<b>9,359</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(35)	(26)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	5	6
Other expenses:		
– Administration fee	2	–
– Audit fee	8	7
– Legal fee	1	3
– Safe custody fee	–	2
– Dividend charges <sup>*</sup>	74	72
<b>Total expenses</b>	<b>55</b>	<b>64</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest on bank overdrafts	2	1
<b>Total interest payable and similar charges</b>	<b>2</b>	<b>1</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	12,774	10,035
	12,774	10,035
Add: Amounts deducted on cancellation of units	496	74
Deduct: Amounts received on issue of units	(799)	(815)
<b>Distributions</b>	<b>12,471</b>	<b>9,294</b>

Details of the final distribution per unit are set out in the table on page 137.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	38	31
Accrued rebate from underlying CIS holdings	10	85
Accrued revenue	9,107	6,320
Amount receivable on issue of units	644	567
<b>Total debtors</b>	<b>9,799</b>	<b>7,003</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	2
Accrued Safe custody fee	–	1
Currency deals awaiting settlement	1	–
Custodian transaction costs	9	9
Purchases awaiting settlement	1,350	970
<b>Total other creditors</b>	<b>1,369</b>	<b>989</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 Stock 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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 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.



## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. 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 2022:

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 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%

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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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 Nil (31 December 2021: 0.08%).

NOTES TO FINANCIAL STATEMENTS (continued)

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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	494,846,852
Issued during the year	73,165,853
Cancelled during the year	(27,905,833)
<b>Balance at the end of the year</b>	<b>540,106,872</b>

15. Subsequent Events

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	144.52	121.20	112.00
Return before operating charges	(20.55)	23.35	9.22
Operating charges	(0.03)	(0.03)	(0.02)
Return after operating charges	(20.58)	23.32	9.20
Distributions	(2.45)	(2.08)	(2.11)
Retained distributions on accumulation units	2.45	2.08	2.11
<b>Closing net asset value per unit</b>	123.94	144.52	121.20
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(14.24)%	19.24%	8.21%
<b>Other Information</b>			
Closing net asset value (£000's)	1,050,593	1,013,404	665,657
Closing number of units	847,688,876	701,215,858	549,218,023
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	145.01	145.55	121.30
Lowest bid unit price	118.00	120.90	80.03

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

**ACS LIFE PATH 2043-2045**

**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	2.4521
<b>Distribution payable 28.2.2023</b>	<b>2.4521</b>
<b>Distribution paid 28.2.2022</b>	<b>2.0833</b>

## PORTFOLIO STATEMENT

at 31 December 2022

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
<b>COLLECTIVE INVESTMENT SCHEMES - 98.49%; 31.12.21 98.42%</b>								
<b>Equity Funds - 84.38%; 31.12.21 86.75%</b>								
255,240,179	BlackRock ACS World ESG Equity Tracker Fund	338,294	32.20	GBP 20,623,994	UK sterling vs Australian dollar	(20,708)	(83)	(0.01)
300,682,843	BlackRock ACS World ESG Screened Equity Tracker Fund	333,287	31.72	GBP 31,185,495	UK sterling vs Canadian dollar	(31,066)	119	0.01
86,822,359	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	81,763	7.78	GBP 7,247,899	UK sterling vs Danish krone	(7,351)	(103)	(0.01)
2,678,419	iShares Diversified Commodity Swap UCITS ETF	15,836	1.51	GBP 91,530,973	UK sterling vs Euro	(92,820)	(1,289)	(0.15)
2,629,220	iShares Emerging Markets Index Fund (IE)	74,160	7.06	GBP 6,739,497	UK sterling vs Hong Kong dollar	(6,717)	23	0.00
20,729,451	iShares Global Property Securities Equity Index Fund (UK)	43,115	4.11	GBP 2,079,048	UK sterling vs Israel shekel	(2,050)	29	0.00
		<b>886,455</b>	<b>84.38</b>	GBP 70,107,120	UK sterling vs Japanese yen	(71,877)	(1,770)	(0.20)
<b>Fixed Income Funds - 14.11%; 31.12.21 11.67%</b>								
52,076	iShares Emerging Markets Government Bond Index Fund (LU)	5,266	0.50	GBP 700,124	UK sterling vs New Zealand dollar	(705)	(5)	0.00
17,368,942	iShares ESG Sterling Corporate Bond Index Fund (UK)	14,126	1.35	GBP 4,080,917	UK sterling vs Norwegian krone	(4,097)	(16)	0.00
28,595,745	iShares Index Linked Gilt Index Fund (UK)	35,230	3.35	GBP 4,037,694	UK sterling vs Singapore dollar	(4,065)	(28)	0.00
8,315,612	iShares Overseas Corporate Bond Index Fund (UK)	12,751	1.21	GBP 9,120,844	UK sterling vs Swedish krona	(9,176)	(55)	(0.01)
32,544,743	iShares Overseas Government Bond Index Fund (UK)	40,011	3.81	GBP 24,442,839	UK sterling vs Swiss franc	(24,666)	(223)	(0.03)
39,057,412	iShares UK Gilts All Stocks Index Fund (UK)	40,858	3.89	GBP 624,372,803	UK sterling vs United States dollar	(619,965)	4,408	0.50
		<b>148,242</b>	<b>14.11</b>	USD 15,104,380	United States dollar vs UK sterling	12,475	(72)	(0.01)
						<b>(879,668)</b>	<b>952</b>	<b>0.09</b>
<b>DERIVATIVES - 0.09%; 31.12.21 0.80%</b>						<b>Portfolio of investments 1,035,649 98.58</b>		
<b>Forward Currency Contracts - 0.09%; 31.12.21 0.80%</b>						Net other assets 14,944 1.42		
CAD 814,031	Canadian dollar vs UK sterling	500	1	0.00	<b>Total net assets 1,050,593 100.00</b>			
EUR 478,662	Euro vs UK sterling	427	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.			
ILS 838,989	Israel shekel vs UK sterling	199	1	0.00	All underlying funds are managed by a related party.			
JPY 260,511,427	Japanese yen vs UK sterling	1,659	12	0.00	The counterparties for the forward currency contracts are disclosed in note 2(b)(i).			
NOK 1,393,609	Norwegian krone vs UK sterling	118	1	0.00	^ Investments which are less than £500 are rounded to zero.			
CHF 240,752	Swiss franc vs UK sterling^	217	-	0.00				

## STATEMENT OF TOTAL RETURN

for the year ended 31 December 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(174,742)	128,000
Revenue	4	19,369	12,993
Expenses	5	(92)	(94)
Interest payable and similar charges	6	(7)	(1)
Net revenue before taxation		19,270	12,898
Taxation	7	–	–
Net revenue after taxation		19,270	12,898
Total return before distributions		(155,472)	140,898
Distributions	8	(19,270)	(12,896)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(174,742)</b>	<b>128,002</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	1,013,404	665,657
Amounts receivable on issue of units	216,651	234,607
Amounts payable on cancellation of units	(25,506)	(29,470)
	191,145	205,137
Change in net assets attributable to unitholders from investment activities	(174,742)	128,002
Retained distribution on accumulation units	20,786	14,608
<b>Closing net assets attributable to unitholders</b>	<b>1,050,593</b>	<b>1,013,404</b>

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		1,039,293	1,005,675
Current assets			
– Debtors	9	17,465	11,966
– Cash and bank balances		306	1,767
<b>Total assets</b>		<b>1,057,064</b>	<b>1,019,408</b>
<b>Liabilities:</b>			
Investment liabilities		(3,644)	(132)
Creditors			
– Other creditors	10	(2,827)	(5,872)
<b>Total liabilities</b>		<b>(6,471)</b>	<b>(6,004)</b>
<b>Net assets attributable to unitholders</b>		<b>1,050,593</b>	<b>1,013,404</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023



**NOTES TO FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(129,784)	122,776
Forward currency contracts	(37,208)	5,604
Currency losses	(7,733)	(355)
Custodian transaction costs	(17)	(25)
<b>Net capital (losses)/gains</b>	<b>(174,742)</b>	<b>128,000</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	31	1
Equity distributions on CIS holdings	2,117	1,780
Interest distributions on CIS holdings	2,354	1,458
Overseas dividends	13,491	8,762
Rebate from underlying CIS holdings	29	139
Securities lending revenue	77	24
UK dividends	914	543
UK REIT dividends	33	23
US REIT dividends	323	263
<b>Total revenue</b>	<b>19,369</b>	<b>12,993</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(45)	(29)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	6	6
Other expenses:		
– Administration fee	3	–
– Audit fee	8	7
– Legal fee	1	3
– Safe custody fee	–	3
– Dividend charges <sup>*</sup>	119	104
<b>Total expenses</b>	<b>92</b>	<b>94</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest on bank overdrafts	7	1
<b>Total interest payable and similar charges</b>	<b>7</b>	<b>1</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	20,786	14,608
	20,786	14,608
Add: Amounts deducted on cancellation of units	398	67
Deduct: Amounts received on issue of units	(1,914)	(1,779)
<b>Distributions</b>	<b>19,270</b>	<b>12,896</b>
The distributable amount has been calculated as follows:		
Net revenue after taxation	19,270	12,898
Add: Revenue brought forward	–	(2)
<b>Distributions</b>	<b>19,270</b>	<b>12,896</b>

Details of the final distribution per unit are set out in the table on page 148.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	49	34
Accrued rebate from underlying CIS holdings	11	113
Accrued revenue	15,749	9,672
Amount receivable on issue of units	1,656	2,147
<b>Total debtors</b>	<b>17,465</b>	<b>11,966</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	3	2
Accrued Safe custody fee	–	1
Currency deals awaiting settlement	1	–
Custodian transaction costs	12	11
Purchases awaiting settlement	2,804	5,851
<b>Total other creditors</b>	<b>2,827</b>	<b>5,872</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 Stock 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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. 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 2022:

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
42%	1	58%

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
36%	1	64%

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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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 Nil (31 December 2021: 0.08%).

NOTES TO FINANCIAL STATEMENTS (continued)

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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	701,215,858
Issued during the year	167,771,427
Cancelled during the year	(21,298,409)
<b>Balance at the end of the year</b>	<b>847,688,876</b>

15. Subsequent Events

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	146.26	121.53	112.33
Return before operating charges	(19.87)	24.76	9.22
Operating charges	(0.03)	(0.03)	(0.02)
Return after operating charges	(19.90)	24.73	9.20
Distributions	(2.58)	(2.18)	(2.17)
Retained distributions on accumulation units	2.58	2.18	2.17
<b>Closing net asset value per unit</b>	126.36	146.26	121.53
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(13.61)%	20.35%	8.19%
<b>Other Information</b>			
Closing net asset value (£000's)	537,416	556,901	397,482
Closing number of units	425,289,819	380,761,939	327,072,385
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	146.79	147.30	121.70
Lowest bid unit price	121.00	121.20	78.71

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	2.5818
<b>Distribution payable 28.2.2023</b>	<b>2.5818</b>
<b>Distribution paid 28.2.2022</b>	<b>2.1753</b>



## PORTFOLIO STATEMENT

at 31 December 2022

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	
<b>COLLECTIVE INVESTMENT SCHEMES - 98.38%; 31.12.21 98.50%</b>									
<b>Equity Funds - 90.05%; 31.12.21 92.02%</b>									
926,470	BlackRock ACS UK Equity Tracker Fund	1,067	0.20	HKD 629,016	Hong Kong dollar vs UK sterling^	67	-	0.00	
130,556,742	BlackRock ACS World ESG Equity Tracker Fund	173,037	32.20	ILS 749,001	Israel shekel vs UK sterling	177	1	0.00	
156,266,973	BlackRock ACS World ESG Screened Equity Tracker Fund	173,213	32.23	JPY 395,014,568	Japanese yen vs UK sterling	2,515	19	0.00	
13,603,016	BlackRock ACS World Ex UK Equity Tracker Fund	22,360	4.16	KRW 292,230,395	Korean won vs UK sterling	193	(1)	0.00	
47,711,136	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	44,932	8.36	NOK 1,858,842	Norwegian krone vs UK sterling	158	1	0.00	
880,586	iShares Diversified Commodity Swap UCITS ETF	5,207	0.97	SGD 171,671	Singapore dollar vs UK sterling^	106	-	0.00	
1,422,736	iShares Emerging Markets Index Fund (IE)	40,130	7.47	SEK 2,339,290	Swedish krona vs UK sterling^	187	-	0.00	
11,528,399	iShares Global Property Securities Equity Index Fund (UK)	23,978	4.46	CHF 820,742	Swiss franc vs UK sterling	741	1	0.00	
		<b>483,924</b>	<b>90.05</b>	GBP 11,243,998	UK sterling vs Australian dollar	(11,290)	(46)	(0.01)	
<b>Fixed Income Funds - 8.33%; 31.12.21 6.48%</b>									
16,356	iShares Emerging Markets Government Bond Index Fund (LU)	1,654	0.31	GBP 16,727,777	UK sterling vs Canadian dollar	(16,664)	64	0.01	
5,026,594	iShares ESG Sterling Corporate Bond Index Fund (UK)	4,088	0.76	GBP 3,943,712	UK sterling vs Danish krone	(4,000)	(56)	(0.01)	
10,094,697	iShares Index Linked Gilt Index Fund (UK)	12,437	2.31	GBP 46,533,402	UK sterling vs Euro	(47,188)	(655)	(0.12)	
2,382,589	iShares Overseas Corporate Bond Index Fund (UK)	3,653	0.68	GBP 3,622,359	UK sterling vs Hong Kong dollar	(3,610)	12	0.00	
9,316,440	iShares Overseas Government Bond Index Fund (UK)	11,454	2.13	GBP 1,220,772	UK sterling vs Israel shekel	(1,204)	17	0.00	
10,989,521	iShares UK Gilts All Stocks Index Fund (UK)	11,496	2.14	GBP 36,384,996	UK sterling vs Japanese yen	(37,304)	(919)	(0.17)	
		<b>44,782</b>	<b>8.33</b>	GBP 379,200	UK sterling vs Korean won	(385)	(6)	0.00	
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
<b>DERIVATIVES - 0.10%; 31.12.21 0.76%</b>									
<b>Forward Currency Contracts - 0.10%; 31.12.21 0.76%</b>									
AUD 1,013,670	Australian dollar vs UK sterling	575	3	0.00	GBP 16,992	UK sterling vs Polish zloty^	(17)	-	0.00
CAD 1,671,223	Canadian dollar vs UK sterling	1,026	1	0.00	GBP 2,219,687	UK sterling vs Singapore dollar	(2,235)	(15)	0.00
DKK 1,298,395	Danish krone vs UK sterling	156	1	0.00	GBP 4,998,973	UK sterling vs Swedish krona	(5,029)	(30)	0.00
EUR 2,605,734	Euro vs UK sterling	2,324	9	0.00	GBP 13,400,318	UK sterling vs Swiss franc	(13,522)	(122)	(0.02)

## PORTFOLIO STATEMENT (continued)

Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
GBP 333,130,387	UK sterling vs United States dollar	(330,772)	2,359	0.44
USD 25,611,978	United States dollar vs UK sterling	21,154	(122)	(0.02)
		<b>(446,393)</b>	<b>505</b>	<b>0.10</b>
<b>Portfolio of investments</b>			<b>529,211</b>	<b>98.48</b>
Net other assets			8,205	1.52
<b>Total net assets</b>			<b>537,416</b>	<b>100.00</b>

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 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(90,000)	77,521
Revenue	4	10,621	7,683
Expenses	5	(45)	(49)
Interest payable and similar charges	6	(2)	(1)
Net revenue before taxation		10,574	7,633
Taxation	7	–	–
Net revenue after taxation		10,574	7,633
Total return before distributions		(79,426)	85,154
Distributions	8	(10,574)	(7,633)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(90,000)</b>	<b>77,521</b>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	556,901	397,482
Amounts receivable on issue of units	81,801	96,060
Amounts payable on cancellation of units	(22,266)	(22,445)
	59,535	73,615
Change in net assets attributable to unitholders from investment activities	(90,000)	77,521
Retained distribution on accumulation units	10,980	8,283
<b>Closing net assets attributable to unitholders</b>	<b>537,416</b>	<b>556,901</b>

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		531,194	552,895
Current assets			
– Debtors	9	9,607	6,465
– Cash and bank balances		148	713
<b>Total assets</b>		<b>540,949</b>	<b>560,073</b>
<b>Liabilities:</b>			
Investment liabilities		(1,983)	(84)
Creditors			
– Other creditors	10	(1,550)	(3,088)
<b>Total liabilities</b>		<b>(3,533)</b>	<b>(3,172)</b>
<b>Net assets attributable to unitholders</b>		<b>537,416</b>	<b>556,901</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

**NOTES TO FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(67,639)	74,331
Forward currency contracts	(18,252)	3,332
Currency losses	(4,095)	(122)
Custodian transaction costs	(14)	(20)
<b>Net capital (losses)/gains</b>	<b>(90,000)</b>	<b>77,521</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	16	1
Equity distributions on CIS holdings	1,221	1,108
Interest distributions on CIS holdings	955	661
Overseas dividends	7,653	5,317
Rebate from underlying CIS holdings	11	80
Securities lending revenue	45	15
UK dividends	520	329
UK REIT dividends	18	13
US REIT dividends	182	159
<b>Total revenue</b>	<b>10,621</b>	<b>7,683</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(37)	(30)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	5	6
Other expenses:		
– Administration fee	1	–
– Audit fee	8	7
– Legal fee	1	2
– Safe custody fee	–	2
– Dividend charges <sup>*</sup>	67	62
<b>Total expenses</b>	<b>45</b>	<b>49</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest on bank overdrafts	2	1
<b>Total interest payable and similar charges</b>	<b>2</b>	<b>1</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	10,980	8,283
	10,980	8,283
Add: Amounts deducted on cancellation of units	343	46
Deduct: Amounts received on issue of units	(749)	(696)
<b>Distributions</b>	<b>10,574</b>	<b>7,633</b>

Details of the final distribution per unit are set out in the table on page 159.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	42	38
Accrued rebate from underlying CIS holdings	4	67
Accrued revenue	8,684	5,662
Amount receivable on issue of units	877	698
<b>Total debtors</b>	<b>9,607</b>	<b>6,465</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	2
Currency deals awaiting settlement	1	–
Custodian transaction costs	10	11
Purchases awaiting settlement	1,530	3,068
<b>Total other creditors</b>	<b>1,550</b>	<b>3,088</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 Stock 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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. 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 2022:

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 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%

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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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 Nil (31 December 2021: 0.07%).



NOTES TO FINANCIAL STATEMENTS (continued)

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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	380,761,939
Issued during the year	62,679,750
Cancelled during the year	(18,151,870)
<b>Balance at the end of the year</b>	<b>425,289,819</b>

15. Subsequent Events

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	147.75	121.85	112.61
Return before operating charges	(20.02)	25.93	9.26
Operating charges	(0.03)	(0.03)	(0.02)
Return after operating charges	(20.05)	25.90	9.24
Distributions	(2.64)	(2.21)	(2.19)
Retained distributions on accumulation units	2.64	2.21	2.19
<b>Closing net asset value per unit</b>	127.70	147.75	121.85
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(13.57)%	21.26%	8.21%
<b>Other Information</b>			
Closing net asset value (£000's)	785,154	718,556	457,873
Closing number of units	614,822,723	486,333,826	375,782,900
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	148.34	148.81	122.00
Lowest bid unit price	122.00	121.50	77.90

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	2.6371
<b>Distribution payable 28.2.2023</b>	<b>2.6371</b>
<b>Distribution paid 28.2.2022</b>	<b>2.2143</b>

## PORTFOLIO STATEMENT

at 31 December 2022

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
<b>COLLECTIVE INVESTMENT SCHEMES - 98.28%; 31.12.21 98.67%</b>								
<b>Equity Funds - 94.30%; 31.12.21 95.89%</b>								
2,455,002	BlackRock ACS UK Equity Tracker Fund	2,830	0.36	CHF 131,620	Swiss franc vs UK sterling^	119	-	0.00
190,572,109	BlackRock ACS World ESG Equity Tracker Fund	252,571	32.17	GBP 15,497,424	UK sterling vs Australian dollar	(15,560)	(63)	(0.01)
229,066,541	BlackRock ACS World ESG Screened Equity Tracker Fund	253,910	32.34	GBP 22,787,828	UK sterling vs Canadian dollar	(22,701)	87	0.01
36,053,404	BlackRock ACS World Ex UK Equity Tracker Fund	59,242	7.55	GBP 5,418,603	UK sterling vs Danish krone	(5,496)	(77)	(0.01)
72,786,999	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	68,546	8.73	GBP 61,028,677	UK sterling vs Euro	(62,228)	(864)	(0.11)
708,378	iShares Diversified Commodity Swap UCITS ETF	4,188	0.53	GBP 5,206,028	UK sterling vs Hong Kong dollar	(5,189)	17	0.00
2,203,178	iShares Emerging Markets Index Fund (IE)	62,143	7.91	GBP 1,614,637	UK sterling vs Israel shekel	(1,592)	23	0.00
17,789,513	iShares Global Property Securities Equity Index Fund (UK)	37,001	4.71	GBP 48,707,942	UK sterling vs Japanese yen	(49,939)	(1,231)	(0.16)
		<b>740,431</b>	<b>94.30</b>	GBP 893,583	UK sterling vs Korean won	(907)	(13)	0.00
<b>Fixed Income Funds - 3.98%; 31.12.21 2.78%</b>								
10,247	iShares Emerging Markets Government Bond Index Fund (LU)	1,036	0.13	GBP 409,498	UK sterling vs New Zealand dollar	(412)	(3)	0.00
3,365,408	iShares ESG Sterling Corporate Bond Index Fund (UK)	2,737	0.35	GBP 2,994,409	UK Sterling vs Norwegian krone	(3,006)	(12)	0.00
7,394,252	iShares Index Linked Gilt Index Fund (UK)	9,110	1.16	GBP 42,041	UK sterling vs Polish zloty	(43)	(1)	0.00
1,586,129	iShares Overseas Corporate Bond Index Fund (UK)	2,432	0.31	GBP 3,070,967	UK sterling vs Singapore dollar	(3,092)	(21)	0.00
6,304,558	iShares Overseas Government Bond Index Fund (UK)	7,751	0.99	GBP 6,982,974	UK sterling vs Swedish krona	(7,024)	(41)	0.00
7,828,563	iShares UK Gilts All Stocks Index Fund (UK)	8,190	1.04	GBP 18,499,832	UK sterling vs Swiss franc	(18,668)	(168)	(0.02)
		<b>31,256</b>	<b>3.98</b>	GBP 455,381,581	UK sterling vs United States dollar	(452,179)	3,202	0.41
				USD 11,423,762	United States dollar vs UK sterling	9,435	(54)	(0.01)
						<b>(636,468)</b>	<b>788</b>	<b>0.10</b>
<b>DERIVATIVES - 0.10%; 31.12.21 0.77%</b>								
<b>Forward Currency Contracts - 0.10%; 31.12.21 0.77%</b>								
CAD 539,985	Canadian dollar vs UK sterling^	331	-					0.00
ILS 560,778	Israel shekel vs UK sterling	133	1					0.00
JPY 172,095,206	Japanese yen vs UK sterling	1,096	8					0.00
KRW 688,639,413	Korean won vs UK sterling	454	(2)					0.00

## PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
<b>Portfolio of investments</b>		<b>772,475</b>	<b>98.39</b>
Net other assets		12,679	1.61
<b>Total net assets</b>		<b>785,154</b>	<b>100.00</b>

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 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(120,333)	97,829
Revenue	4	14,803	9,485
Expenses	5	(63)	(59)
Interest payable and similar charges	6	(3)	–
Net revenue before taxation		14,737	9,426
Taxation	7	–	–
Net revenue after taxation		14,737	9,426
Total return before distributions		(105,596)	107,255
Distributions	8	(14,737)	(9,426)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(120,333)</b>	<b>97,829</b>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	718,556	457,873
Amounts receivable on issue of units	188,598	173,984
Amounts payable on cancellation of units	(17,880)	(21,899)
	170,718	152,085
Change in net assets attributable to unitholders from investment activities	(120,333)	97,829
Retained distribution on accumulation units	16,213	10,769
<b>Closing net assets attributable to unitholders</b>	<b>785,154</b>	<b>718,556</b>

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		775,025	714,621
Current assets			
– Debtors	9	15,531	9,337
– Cash and bank balances		227	1,522
<b>Total assets</b>		<b>790,783</b>	<b>725,480</b>
<b>Liabilities:</b>			
Investment liabilities		(2,550)	(92)
Creditors			
– Other creditors	10	(3,079)	(6,832)
<b>Total liabilities</b>		<b>(5,629)</b>	<b>(6,924)</b>
<b>Net assets attributable to unitholders</b>		<b>785,154</b>	<b>718,556</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023



**NOTES TO FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(88,894)	93,768
Forward currency contracts	(25,990)	4,145
Currency losses	(5,430)	(60)
Custodian transaction costs	(19)	(24)
<b>Net capital (losses)/gains</b>	<b>(120,333)</b>	<b>97,829</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	23	3
Equity distributions on CIS holdings	1,714	1,388
Interest distributions on CIS holdings	982	619
Overseas dividends	10,985	6,727
Rebate from underlying CIS holdings	7	95
Securities lending revenue	66	19
UK dividends	748	416
UK REIT dividends	26	17
US REIT dividends	252	201
<b>Total revenue</b>	<b>14,803</b>	<b>9,485</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(47)	(35)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	5	6
Other expenses:		
– Administration fee	2	–
– Audit fee	8	7
– Legal fee	1	2
– Safe custody fee	–	2
– Dividend charges <sup>*</sup>	94	77
<b>Total expenses</b>	<b>63</b>	<b>59</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest on bank overdrafts	3	–
<b>Total interest payable and similar charges</b>	<b>3</b>	<b>–</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	16,213	10,769
	16,213	10,769
Add: Amounts deducted on cancellation of units	287	34
Deduct: Amounts received on issue of units	(1,763)	(1,377)
<b>Distributions</b>	<b>14,737</b>	<b>9,426</b>

Details of the final distribution per unit are set out in the table on page 171.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	54	45
Accrued rebate from underlying CIS holdings	3	78
Accrued revenue	13,313	7,632
Amount receivable on issue of units	2,161	1,582
<b>Total debtors</b>	<b>15,531</b>	<b>9,337</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	2
Accrued Safe custody fee	–	1
Amount payable for cancellation of units	–	181
Currency deals awaiting settlement	1	–
Custodian transaction costs	15	13
Purchases awaiting settlement	3,054	6,628
<b>Total other creditors</b>	<b>3,079</b>	<b>6,832</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 Stock 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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. 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 2022:

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
42%	1	58%

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
35%	1	65%

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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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 Nil (31 December 2021: 0.07%).

NOTES TO FINANCIAL STATEMENTS (continued)

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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	486,333,826
Issued during the year	142,925,857
Cancelled during the year	(14,436,960)
<b>Balance at the end of the year</b>	<b>614,822,723</b>

15. Subsequent Events

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	148.33	121.94	112.74
Return before operating charges	(19.65)	26.42	9.22
Operating charges	(0.03)	(0.03)	(0.02)
Return after operating charges	(19.68)	26.39	9.20
Distributions	(2.71)	(2.26)	(2.22)
Retained distributions on accumulation units	2.71	2.26	2.22
<b>Closing net asset value per unit</b>	128.65	148.33	121.94
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(13.27)%	21.64%	8.16%
<b>Other Information</b>			
Closing net asset value (£000's)	363,893	361,946	251,968
Closing number of units	282,856,788	244,017,642	206,626,813
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	148.92	149.40	122.10
Lowest bid unit price	123.00	121.60	77.44

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	2.7126
<b>Distribution payable 28.2.2023</b>	<b>2.7126</b>
<b>Distribution paid 28.2.2022</b>	<b>2.2559</b>



## PORTFOLIO STATEMENT

at 31 December 2022

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	
<b>COLLECTIVE INVESTMENT SCHEMES - 98.23%; 31.12.21 98.82%</b>									
<b>Equity Funds - 97.01%; 31.12.21 98.15%</b>									
1,482,500	BlackRock ACS UK Equity Tracker Fund	1,709	0.47	KRW 397,529,707	Korean won vs UK sterling	262	(1)	0.00	
88,562,948	BlackRock ACS World ESG Equity Tracker Fund	117,381	32.26	CHF 70,091	Swiss franc vs UK sterling^	63	-	0.00	
105,535,181	BlackRock ACS World ESG Screened Equity Tracker Fund	117,394	32.26	GBP 7,397,088	UK sterling vs Australian dollar	(7,427)	(30)	(0.01)	
21,619,012	BlackRock ACS World Ex UK Equity Tracker Fund	35,522	9.76	GBP 10,800,472	UK sterling vs Canadian dollar	(10,759)	41	0.01	
34,999,180	BlackRock ACS World Small Cap ESG Screened Equity Tracker Fund	32,960	9.06	GBP 2,581,921	UK sterling vs Danish krone	(2,619)	(37)	(0.01)	
142,007	iShares Diversified Commodity Swap UCITS ETF	840	0.23	GBP 28,538,715	UK sterling vs Euro	(28,940)	(401)	(0.11)	
1,042,031	iShares Emerging Markets Index Fund (IE)	29,392	8.08	GBP 2,497,631	UK sterling vs Hong Kong dollar	(2,489)	8	0.00	
8,563,480	iShares Global Property Securities Equity Index Fund (UK)	17,811	4.89	GBP 820,995	UK sterling vs Israel shekel	(810)	12	0.00	
		<b>353,009</b>	<b>97.01</b>	GBP 22,807,573	UK sterling vs Japanese yen	(23,384)	(576)	(0.16)	
<b>Fixed Income Funds - 1.22%; 31.12.21 0.67%</b>									
1,429	iShares Emerging Markets Government Bond Index Fund (LU)	144	0.04	GBP 515,837	UK sterling vs Korean won	(524)	(8)	0.00	
399,040	iShares ESG Sterling Corporate Bond Index Fund (UK)	325	0.09	GBP 224,890	UK sterling vs New Zealand dollar	(226)	(2)	0.00	
1,508,659	iShares Index Linked Gilt Index Fund (UK)	1,858	0.51	GBP 1,420,618	UK sterling vs Norwegian krone	(1,426)	(5)	0.00	
186,192	iShares Overseas Corporate Bond Index Fund (UK)	285	0.08	GBP 27,787	UK sterling vs Polish zloty^	(28)	-	0.00	
719,506	iShares Overseas Government Bond Index Fund (UK)	885	0.24	GBP 1,469,693	UK sterling vs Singapore dollar	(1,480)	(10)	0.00	
890,217	iShares UK Gilts All Stocks Index Fund (UK)	931	0.26	GBP 3,334,467	UK sterling vs Swedish krona	(3,354)	(20)	0.00	
		<b>4,428</b>	<b>1.22</b>	GBP 8,794,537	UK sterling vs Swiss franc	(8,923)	(79)	(0.02)	
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
<b>DERIVATIVES - 0.11%; 31.12.21 0.72%</b>									
<b>Forward Currency Contracts - 0.11%; 31.12.21 0.72%</b>									
CAD 265,083	Canadian dollar vs UK sterling^	163	-	0.00	GBP 215,532,986	UK sterling vs United States dollar	(214,018)	1,515	0.42
EUR 70,074	Euro vs UK sterling^	63	-	0.00	USD 5,467,764	United States dollar vs UK sterling	4,516	(26)	(0.01)
ILS 351,977	Israel shekel vs UK sterling^	83	-	0.00					
JPY 82,608,687	Japanese yen vs UK sterling	526	4	0.00					
							<b>(300,731)</b>	<b>385</b>	<b>0.11</b>

## PORTFOLIO STATEMENT (continued)

Holding or Nominal Value Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
<b>Portfolio of investments</b>		<b>357,822</b>	<b>98.34</b>
Net other assets		6,071	1.66
<b>Total net assets</b>		<b>363,893</b>	<b>100.00</b>

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 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(57,740)	52,620
Revenue	4	7,276	5,056
Expenses	5	(27)	(29)
Interest payable and similar charges	6	(2)	–
Net revenue before taxation		7,247	5,027
Taxation	7	–	–
Net revenue after taxation		7,247	5,027
Total return before distributions		(50,493)	57,647
Distributions	8	(7,247)	(5,027)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(57,740)</b>	<b>52,620</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	361,946	251,968
Amounts receivable on issue of units	63,772	65,620
Amounts payable on cancellation of units	(11,758)	(13,767)
	52,014	51,853
Change in net assets attributable to unitholders from investment activities	(57,740)	52,620
Retained distribution on accumulation units	7,673	5,505
<b>Closing net assets attributable to unitholders</b>	<b>363,893</b>	<b>361,946</b>

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		359,017	360,327
Current assets			
– Debtors	9	6,966	4,527
– Cash and bank balances		104	762
<b>Total assets</b>		<b>366,087</b>	<b>365,616</b>
<b>Liabilities:</b>			
Investment liabilities		(1,195)	(50)
Creditors			
– Other creditors	10	(999)	(3,620)
<b>Total liabilities</b>		<b>(2,194)</b>	<b>(3,670)</b>
<b>Net assets attributable to unitholders</b>		<b>363,893</b>	<b>361,946</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

**NOTES TO FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(43,126)	50,329
Forward currency contracts	(12,247)	2,270
Currency (losses)/gains	(2,354)	37
Custodian transaction costs	(13)	(16)
<b>Net capital (losses)/gains</b>	<b>(57,740)</b>	<b>52,620</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	12	2
Equity distributions on CIS holdings	890	748
Interest distributions on CIS holdings	392	288
Overseas dividends	5,438	3,617
Rebate from underlying CIS holdings	1	51
Securities lending revenue	33	10
UK dividends	372	223
UK REIT dividends	13	9
US REIT dividends	125	108
<b>Total revenue</b>	<b>7,276</b>	<b>5,056</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Receivable from the Manager or associates of the Manager:		
– Manager's charge and other expenses rebate <sup>#</sup>	(34)	(27)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	5	6
Other expenses:		
– Administration fee	1	–
– Audit fee	8	7
– Legal fee	1	1
– Safe custody fee	–	1
– Dividend charge <sup>*</sup>	46	41
<b>Total expenses</b>	<b>27</b>	<b>29</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest on bank overdrafts	2	–
<b>Total interest payable and similar charges</b>	<b>2</b>	<b>–</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	7,673	5,505
	7,673	5,505
Add: Amounts deducted on cancellation of units	195	20
Deduct: Amounts received on issue of units	(621)	(498)
<b>Distributions</b>	<b>7,247</b>	<b>5,027</b>

Details of the final distribution per unit are set out in the table on page 183.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	43	37
Accrued rebate from underlying CIS holdings	1	42
Accrued revenue	6,378	3,946
Amount receivable on issue of units	544	502
<b>Total debtors</b>	<b>6,966</b>	<b>4,527</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	2
Amount payable for cancellation of units	19	43
Custodian transaction costs	12	10
Purchases awaiting settlement	959	3,558
<b>Total other creditors</b>	<b>999</b>	<b>3,620</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 Stock 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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. 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 2022:

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 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%

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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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 Nil (31 December 2021: 0.07%).



NOTES TO FINANCIAL STATEMENTS (continued)

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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	244,017,642
Issued during the year	48,265,086
Cancelled during the year	(9,425,940)
<b>Balance at the end of the year</b>	<b>282,856,788</b>

15. Subsequent Events

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 year to 31.12.2022	For the period from 28.6.2021 <sup>^</sup> to 31.12.2021
	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>		
Opening net asset value per unit	106.87	100.00
Return before operating charges	(13.83)	6.88
Operating charges	(0.02)	(0.01)
Return after operating charges	(13.85)	106.87
Distributions	(1.94)	(0.80)
Retained distributions on accumulation units	1.94	0.80
<b>Closing net asset value per unit</b>	93.02	106.87
After direct transaction costs of:	0.00	0.00
<b>Performance</b>		
Return after charges <sup>1</sup>	(12.96)%	6.87%
<b>Other Information</b>		
Closing net asset value (£000's)	454,661	378,314
Closing number of units	488,776,578	354,006,181
Operating charges <sup>2</sup>	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	107.29	107.64
Lowest bid unit price	88.98	98.76

<sup>^</sup> The date of commencement of operations.

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

**DISTRIBUTION TABLE**

for the year ended 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	1.9358
<b>Distribution payable 28.2.2023</b>	<b>1.9358</b>
<b>Distribution paid 28.2.2022</b>	<b>0.8027</b>



## STATEMENT OF TOTAL RETURN

for the year ended 31 December 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2022 £000's	For the period from 28.6.2021 to 31.12.2021 £000's
Income				
Net capital (losses)/gains	3		(62,320)	20,000
Revenue	4	8,296		2,667
Expenses	5	(38)		(36)
Interest payable and similar charges	6	(2)		(1)
Net revenue before taxation		8,256		2,630
Taxation	7	–		–
Net revenue after taxation			8,256	2,630
Total return before distributions			(54,064)	22,630
Distributions	8		(8,256)	(2,630)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(62,320)</b>	<b>20,000</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2022 £000's	For the period from 28.6.2021 to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>		378,314	–
Amounts receivable on issue of units	136,151		57,005
Amounts receivable on in-specie transactions	–		298,467
Amounts payable on cancellation of units	(6,946)		–
		129,205	355,472
Change in net assets attributable to unitholders from investment activities		(62,320)	20,000
Retained distribution on accumulation units		9,462	2,842
<b>Closing net assets attributable to unitholders</b>		<b>454,661</b>	<b>378,314</b>

Note: The Fund launched on 28 June 2021.

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		448,551	378,381
Current assets			
– Debtors	9	9,403	3,287
– Cash and bank balances		137	1,150
<b>Total assets</b>		<b>458,091</b>	<b>382,818</b>
<b>Liabilities:</b>			
Investment liabilities		(1,565)	(41)
Creditors			
– Other creditors	10	(1,865)	(4,463)
<b>Total liabilities</b>		<b>(3,430)</b>	<b>(4,504)</b>
<b>Net assets attributable to unitholders</b>		<b>454,661</b>	<b>378,314</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

**NOTES TO FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital (Losses)/Gains**

	For the year to 31.12.2022 £000's	For the period from 28.6.2021 to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(47,100)	23,230
Forward currency contracts	(12,184)	(1,381)
Currency losses	(3,016)	(1,838)
Custodian transaction costs	(20)	(11)
<b>Net capital (losses)/gains</b>	<b>(62,320)</b>	<b>20,000</b>

**4. Revenue**

	For the year to 31.12.2022 £000's	For the period from 28.6.2021 to 31.12.2021 £000's
Interest from UK bank deposits	14	2
Equity distributions on CIS holdings	986	594
Interest distributions on CIS holdings	398	–
Overseas dividends	6,277	1,879
Rebate from underlying CIS holdings	–	5
Securities lending revenue	39	7
UK dividends	428	114
UK REIT dividends	15	5
US REIT dividends	139	61
<b>Total revenue</b>	<b>8,296</b>	<b>2,667</b>



## NOTES TO FINANCIAL STATEMENTS (continued)

## 5. Expenses

	For the year to 31.12.2022 £000's	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 <sup>#</sup>	(30)	(1)
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	5	3
Other expenses:		
– Administration fee	1	–
– Audit fee	8	7
– Safe custody fee	1	1
– Dividend charges <sup>*</sup>	53	26
<b>Total expenses</b>	<b>38</b>	<b>36</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.02%.

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

## 6. Interest Payable and Similar Charges

	For the year to 31.12.2022 £000's	For the period from 28.6.2021 to 31.12.2021 £000's
Interest on bank overdrafts	2	1
<b>Total interest payable and similar charges</b>	<b>2</b>	<b>1</b>

## 7. 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.

## 8. 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 31.12.2022 £000's	For the period from 28.6.2021 to 31.12.2021 £000's
Final accumulation	9,462	2,842
	9,462	2,842
Add: Amounts deducted on cancellation of units	117	–
Deduct: Amounts received on issue of units	(1,323)	(212)
<b>Distributions</b>	<b>8,256</b>	<b>2,630</b>

Details of the final distribution per unit are set out in the table on page 195.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 9. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Manager's charge rebates	39	1
Accrued revenue	8,047	2,178
Amount receivable on issue of units	1,317	1,108
<b>Total debtors</b>	<b>9,403</b>	<b>3,287</b>

## 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	2	1
Accrued Safe custody fee	2	1
Custodian transaction costs	15	8
Purchases awaiting settlement	1,839	4,446
<b>Total other creditors</b>	<b>1,865</b>	<b>4,463</b>

## 11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (31 December 2021: £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 2022:

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 8. Any amounts due to or from the Manager at the year end are disclosed in notes 9 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 12. 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 2022:

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

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 2022, the Fund received total of £Nil (31 December 2021: £298.5 million) in respect of in-specie transactions with its related parties.

## 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 Nil (31 December 2021: 0.07%).

## NOTES TO FINANCIAL STATEMENTS (continued)

**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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	354,006,181
Issued during the year	142,494,445
Cancelled during the year	(7,724,048)
<b>Balance at the end of the year</b>	<b>488,776,578</b>

**15. Subsequent Events**

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.

**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 17 August 2022. The Fund's FCA product reference number is 988111.

## Performance Record

## Comparative Table

	<b>X1 Accumulation Units</b>
	<b>For the period from 28.11.2022<sup>^</sup> to 31.12.2022</b>
	<b>Pence per unit</b>
<b>Change in net assets per unit</b>	
Opening net asset value per unit	100.00
Return before operating charges	(1.60)
Operating charges	0.00
Return after operating charges	(1.60)
Distributions	(0.06)
Retained distributions on accumulation units	0.06
<b>Closing net asset value per unit</b>	<b>98.40</b>
After direct transaction costs of:	0.00
<b>Performance</b>	
Return after charges <sup>1</sup>	(1.60)%
<b>Other Information</b>	
Closing net asset value (£000's)	5,298
Closing number of units	5,384,304
Operating charges <sup>2</sup>	0.03%
Direct transaction costs <sup>3</sup>	0.00%
<b>Prices</b>	<b>Pence per unit</b>
Highest offer unit price	100.61
Lowest bid unit price	97.70

<sup>^</sup> The date of commencement of operations.

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

## BLACKROCK FUTUREWISE 2023-27

### DISTRIBUTION TABLE

for the period from 28 November 2022 to 31 December 2022

#### Final Distribution in Pence per Unit

	<b>X1 Accumulation Units</b>
Net revenue	0.0603
<b>Distribution payable 28.2.2023</b>	<b>0.0603</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

# BLACKROCK FUTUREWISE 2023-27

## PORTFOLIO STATEMENT

at 31 December 2022

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>COLLECTIVE INVESTMENT SCHEMES - 99.91%</b>			
<b>Equity Funds - 46.87%</b>			
189,205	BlackRock ACS Europe ex UK ESG Insights Equity Fund*	188	3.55
140,478	BlackRock ACS Japan ESG Insights Equity Fund*	137	2.58
1,717,930	BlackRock ACS North America ESG Insights Equity Fund*	1,655	31.24
101,086	BlackRock ACS UK ESG Insights Equity Fund*	100	1.89
96,691	Fidelity Sustainable Research Enhanced Emerging Markets Equity UCITS ETF	320	6.04
19,334	Fidelity Sustainable Research Enhanced Pacific ex Japan Equity UCITS ETF	83	1.57
		<b>2,483</b>	<b>46.87</b>
<b>Fixed Income Funds - 53.04%</b>			
518,504	Fidelity Funds - Sustainable Climate Bond Fund	446	8.42
306,476	Fidelity Sustainable Global Corporate Bond Paris-Aligned Multifactor UCITS ETF	1,333	25.16
167,530	Fidelity Sustainable Global High Yield Bond Paris-Aligned Multifactor UCITS ETF	862	16.27
41,134	Fidelity Sustainable USD EM Bond UCITS ETF	169	3.19
		<b>2,810</b>	<b>53.04</b>
	<b>Portfolio of investments</b>	<b>5,293</b>	<b>99.91</b>
	Net other assets	5	0.09
	<b>Total net assets</b>	<b>5,298</b>	<b>100.00</b>

Note: The Fund launched on 28 November 2022, 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.

\* Managed by a related party.



## STATEMENT OF TOTAL RETURN

for the period from 28 November 2022 to 31 December 2022

	Notes	£000's	For the period from 28.11.2022 to 31.12.2022 £000's
Income			
Net capital losses	3		(92)
Revenue	4	3	
Expenses	5	–	
Interest payable and similar charges		–	
Net revenue before taxation		3	
Taxation	6	–	
Net revenue after taxation			3
Total return before distributions			(89)
Distributions	7		(3)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(92)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the period from 28 November 2022 to 31 December 2022

	£000's	For the period from 28.11.2022 to 31.12.2022 £000's
<b>Opening net assets attributable to unitholders</b>		–
Amounts receivable on issue of units	5,399	
Amounts payable on cancellation of units	(12)	
		5,387
Change in net assets attributable to unitholders from investment activities		(92)
Retained distribution on accumulation units		3
<b>Closing net assets attributable to unitholders</b>		<b>5,298</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's
<b>Assets:</b>		
Fixed assets		
– Investment assets		5,293
Current assets		
– Debtors	8	11
– Cash and bank balances		2
<b>Total assets</b>		<b>5,306</b>
<b>Liabilities:</b>		
Creditors		
– Other creditors	9	(8)
<b>Total liabilities</b>		<b>(8)</b>
<b>Net assets attributable to unitholders</b>		<b>5,298</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

## NOTES TO FINANCIAL STATEMENTS

for the period from 28 November 2022 to 31 December 2022

## 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 23 and 24.

## 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 25 to 55.

## 3. Net Capital Losses

	For the period from 28.11.2022 to 31.12.2022 £000's
The net capital losses comprise:	
Losses on non-derivative securities	(92)
Custodian transaction costs	(1)
Rebate from underlying CIS holdings	1
<b>Net capital losses</b>	<b>(92)</b>

## 4. Revenue

	For the period from 28.11.2022 to 31.12.2022 £000's
Overseas dividends	3
<b>Total revenue</b>	<b>3</b>

## 5. Expenses

	For the period from 28.11.2022 to 31.12.2022 £000's
Receivable from the Manager or associates of the Manager:	
– Manager's charge and other expenses rebate <sup>#</sup>	(7)
Payable to the Depositary or associates of the Depositary:	
– Depositary fee	1
Other expenses:	
– Audit fee	5
– Legal fee	1
<b>Total expenses</b>	<b>–</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.03%.

## 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 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 28.11.2022 to 31.12.2022 £000's
Final accumulation	3
	3
<b>Distributions</b>	<b>3</b>

Details of the final distribution per unit are set out in the table on page 206.

## 8. Debtors

	31.12.2022 £000's
Accrued Manager's charge rebates	7
Accrued rebate from underlying CIS holdings	1
Accrued revenue	3
<b>Total debtors</b>	<b>11</b>

## 9. Other Creditors

	31.12.2022 £000's
Accrued Audit fee	5
Accrued Depositary's fee	1
Accrued Legal fee	1
Custodian transaction costs	1
<b>Total other creditors</b>	<b>8</b>

## 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 period ended 31 December 2022:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited

The ultimate holding company of the Manager and Investment Manager 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 period end are disclosed in notes 8 and 9.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 11. Related Parties (continued)

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 2022:

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 period ended 31 December 2022, the Fund does not have any 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 Nil.

## NOTES TO FINANCIAL STATEMENTS (continued)

**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 period ended 31 December 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the period	–
Issued during the period	5,396,971
Cancelled during the period	(12,667)
<b>Balance at the end of the period</b>	<b>5,384,304</b>

**14. Subsequent Events**

There have been no significant events subsequent to the period-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the period ended 31 December 2022.

**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 17 August 2022. The Fund's FCA product reference number is 988112.

## Performance Record

## Comparative Table

	<b>X1 Accumulation Units</b>
	<b>For the period from 28.11.2022<sup>^</sup> to 31.12.2022</b>
	<b>Pence per unit</b>
<b>Change in net assets per unit</b>	
Opening net asset value per unit	100.00
Return before operating charges	(1.97)
Operating charges	0.00
Return after operating charges	(1.97)
Distributions	(0.11)
Retained distributions on accumulation units	0.11
<b>Closing net asset value per unit</b>	<b>98.03</b>
After direct transaction costs of:	0.00
<b>Performance</b>	
Return after charges <sup>1</sup>	(1.97)%
<b>Other Information</b>	
Closing net asset value (£000's)	4,433
Closing number of units	4,521,953
Operating charges <sup>2</sup>	0.03%
Direct transaction costs <sup>3</sup>	0.00%
<b>Prices</b>	<b>Pence per unit</b>
Highest offer unit price	101.05
Lowest bid unit price	96.92

<sup>^</sup> The date of commencement of operations.

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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 period from 28 November 2022 to 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	0.1055
<b>Distribution payable 28.2.2023</b>	<b>0.1055</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

## PORTFOLIO STATEMENT

at 31 December 2022

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>COLLECTIVE INVESTMENT SCHEMES - 99.86%</b>			
<b>Equity Funds - 82.02%</b>			
354,750	BlackRock ACS Europe ex UK ESG Insights Equity Fund*	353	7.96
204,851	BlackRock Japan ESG Insights Equity Fund*	200	4.51
1,514,637	BlackRock North America ESG Insights Equity Fund*	1,460	32.94
146,588	BlackRock UK ESG Insights Equity Fund*	145	3.27
947,311	BlackRock US ESG Insights Equity Fund*	913	20.60
134,841	Fidelity Sustainable Research Enhanced Emerging Markets Equity UCITS ETF	446	10.06
27,791	Fidelity Sustainable Research Enhanced Pacific ex Japan Equity UCITS ETF	119	2.68
		<b>3,636</b>	<b>82.02</b>
<b>Fixed Income Funds - 17.84%</b>			
161,009	Fidelity Funds - Sustainable Climate Bond Fund	138	3.11
94,754	Fidelity Sustainable Global Corporate Bond Paris-Aligned Multifactor UCITS ETF	412	9.30
45,122	Fidelity Sustainable Global High Yield Bond Paris-Aligned Multifactor UCITS ETF	232	5.23
2,106	Fidelity Sustainable USD EM Bond UCITS ETF	9	0.20
		<b>791</b>	<b>17.84</b>
<b>Portfolio of investments</b>		<b>4,427</b>	<b>99.86</b>
Net other assets		6	0.14
<b>Total net assets</b>		<b>4,433</b>	<b>100.00</b>

Note: The Fund launched on 28 November 2022, 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.

\* Managed by a related party.

## STATEMENT OF TOTAL RETURN

for the period from 28 November 2022 to 31 December 2022

	Notes	£000's	For the period from 28.11.2022 to 31.12.2022 £000's
Income			
Net capital losses	3		(98)
Revenue	4	5	
Expenses	5	–	
Interest payable and similar charges		–	
Net revenue before taxation		5	
Taxation	6	–	
Net revenue after taxation			5
Total return before distributions			(93)
Distributions	7		(5)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(98)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the period from 28 November 2022 to 31 December 2022

	£000's	For the period From 28.11.2022 to 31.12.2022 £000's
<b>Opening net assets attributable to unitholders</b>		–
Amounts receivable on issue of units	4,743	
Amounts payable on cancellation of units	(217)	
		4,526
Change in net assets attributable to unitholders from investment activities		(98)
Retained distribution on accumulation units		5
<b>Closing net assets attributable to unitholders</b>		<b>4,433</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's
<b>Assets:</b>		
Fixed assets		
– Investment assets		4,427
Current assets		
– Debtors	8	23
– Cash and bank balances		2
<b>Total assets</b>		<b>4,452</b>
<b>Liabilities:</b>		
Creditors		
– Other creditors	9	(19)
<b>Total liabilities</b>		<b>(19)</b>
<b>Net assets attributable to unitholders</b>		<b>4,433</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

## NOTES TO FINANCIAL STATEMENTS

for the period from 28 November 2022 to 31 December 2022

## 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 23 and 24.

## 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 25 to 55.

## 3. Net Capital Losses

	For the period from 28.11.2022 to 31.12.2022 £000's
The net capital losses comprise:	
Losses on non-derivative securities	(98)
<b>Net capital losses</b>	<b>(98)</b>

## 4. Revenue

	For the period from 28.11.2022 to 31.12.2022 £000's
Overseas dividends	5
<b>Total revenue</b>	<b>5</b>

## 5. Expenses

	For the period from 28.11.2022 to 31.12.2022 £000's
Receivable from the Manager or associates of the Manager:	
– Manager's charge and other expenses rebate <sup>#</sup>	(7)
Payable to the Depositary or associates of the Depositary:	
– Depositary fee	1
Other expenses:	
– Audit fee	5
– Legal fee	1
<b>Total expenses</b>	<b>-</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.03%.

## 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 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 28.11.2022 to 31.12.2022 £000's
Final accumulation	5
	5
<b>Distributions</b>	<b>5</b>

Details of the final distribution per unit are set out in the table on page 3.

## 8. Debtors

	31.12.2022 £000's
Accrued Manager's charge rebates	7
Accrued revenue	5
Amount receivable on issue of units	11
<b>Total debtors</b>	<b>23</b>

## 9. Other Creditors

	31.12.2022 £000's
Accrued Audit fee	5
Accrued Depositary's fee	1
Accrued Legal fee	1
Purchases awaiting settlement	12
<b>Total other creditors</b>	<b>19</b>

## 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 period ended 31 December 2022:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited

The ultimate holding company of the Manager and Investment Manager 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 period end are disclosed in notes 8 and 9.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 11. Related Parties (continued)

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 2022:

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 period ended 31 December 2022, the Fund does not have any 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 Nil.

## NOTES TO FINANCIAL STATEMENTS (continued)

**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 period ended 31 December 2022 is as follows:

	<b>X1 Accumulation Units<sup>^</sup></b>
Balance at the beginning of the period	–
Issued during the period	4,741,444
Cancelled during the period	219,491
<b>Balance at the end of the period</b>	<b>4,521,953</b>

**14. Subsequent Events**

There have been no significant events subsequent to the period-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the period ended 31 December 2022.



**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 17 August 2022. The Fund's FCA product reference number is 988133.

## Performance Record

## Comparative Table

	<b>X1 Accumulation Units</b>
	<b>For the period from 28.11.2022<sup>^</sup> to 31.12.2022</b>
	<b>Pence per unit</b>
<b>Change in net assets per unit</b>	
Opening net asset value per unit	100.00
Return before operating charges	(2.18)
Operating charges	0.00
Return after operating charges	(2.18)
Distributions	(0.13)
Retained distributions on accumulation units	0.13
<b>Closing net asset value per unit</b>	<b>97.82</b>
After direct transaction costs of:	0.00
<b>Performance</b>	
Return after charges <sup>1</sup>	(2.18)%
<b>Other Information</b>	
Closing net asset value (£000's)	7,940
Closing number of units	8,116,577
Operating charges <sup>2</sup>	0.03%
Direct transaction costs <sup>3</sup>	0.00%
<b>Prices</b>	<b>Pence per unit</b>
Highest offer unit price	101.36
Lowest bid unit price	96.26

<sup>^</sup> The date of commencement of operations.

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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 period from 28 November 2022 to 31 December 2022

**Final Distribution in Pence per Unit**

	<b>X1 Accumulation Units</b>
Net revenue	0.1286
<b>Distribution payable 28.2.2023</b>	<b>0.1286</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

## PORTFOLIO STATEMENT

at 31 December 2022

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>COLLECTIVE INVESTMENT SCHEMES - 99.84%</b>			
<b>Equity Funds - 99.84%</b>			
802,062	BlackRock ACS Europe ex UK ESG Insights Equity Fund*	798	10.05
442,239	BlackRock ACS Japan ESG Insights Equity Fund*	432	5.44
2,708,850	BlackRock ACS North America ESG Insights Equity Fund*	2,610	32.87
314,479	BlackRock ACS UK ESG Insights Equity Fund*	311	3.92
2,612,529	BlackRock ACS US ESG Insights Equity Fund*	2,519	31.73
303,040	Fidelity Sustainable Research Enhanced Emerging Markets Equity UCITS ETF	1,001	12.61
59,995	Fidelity Sustainable Research Enhanced Pacific ex Japan Equity UCITS ETF	256	3.22
		<b>7,927</b>	<b>99.84</b>
<b>Portfolio of investments</b>		<b>7,927</b>	<b>99.84</b>
Net other assets		13	0.16
<b>Total net assets</b>		<b>7,940</b>	<b>100.00</b>

Note: The Fund launched on 28 November 2022, 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.

\* Managed by a related party.

## STATEMENT OF TOTAL RETURN

for the period from 28 November 2022 to 31 December 2022

	Notes	£000's	For the period from 28.11.2022 to 31.12.2022 £000's
Income			
Net capital losses	3		(187)
Revenue	4	10	
Expenses	5	(1)	
Interest payable and similar charges		–	
Net revenue before taxation		9	
Taxation	6	–	
Net revenue after taxation			9
Total return before distributions			(178)
Distributions	7		(10)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(188)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the period from 28 November 2022 to 31 December 2022

	£000's	For the period from 28.11.2022 to 31.12.2022 £000's
<b>Opening net assets attributable to unitholders</b>		–
Amounts receivable on issue of units	8,118	
		8,118
Change in net assets attributable to unitholders from investment activities		(188)
Retained distribution on accumulation units		10
<b>Closing net assets attributable to unitholders</b>		<b>7,940</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

**BALANCE SHEET**

at 31 December 2022

	Notes	31.12.2022 £000's
<b>Assets:</b>		
Fixed assets		
– Investment assets		7,927
Current assets		
– Debtors	8	19
– Cash and bank balances		2
<b>Total assets</b>		<b>7,948</b>
<b>Liabilities:</b>		
Creditors		
– Other creditors	9	(8)
<b>Total liabilities</b>		<b>(8)</b>
<b>Net assets attributable to unitholders</b>		<b>7,940</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

**NOTES TO FINANCIAL STATEMENTS**

for the period from 28 November 2022 to 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital Losses**

	For the period from 28.11.2022 to 31.12.2022 £000's
The net capital losses comprise:	
Losses on non-derivative securities	(187)
<b>Net capital losses</b>	<b>(187)</b>

**4. Revenue**

	For the period from 28.11.2022 to 31.12.2022 £000's
Overseas dividends	9
US REIT dividends	1
<b>Total revenue</b>	<b>10</b>

**5. Expenses**

	For the period from 28.11.2022 to 31.12.2022 £000's
Receivable from the Manager or associates of the Manager:	
– Manager's charge and other expenses rebate <sup>#</sup>	(7)
Payable to the Depositary or associates of the Depositary:	
– Depositary fee	1
Other expenses:	
– Audit fee	5
– Legal fee	2
<b>Total expenses</b>	<b>1</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.03%.

**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.

## NOTES TO FINANCIAL STATEMENTS (continued)

## 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 28.11.2022 to 31.12.2022 £000's
Final accumulation	10
	10
<b>Distributions</b>	<b>10</b>
The distributable amount has been calculated as follows:	
Net revenue after taxation	9
Deduct: Revenue carried forward	1
<b>Distributions</b>	<b>10</b>

Details of the final distribution per unit are set out in the table on page 226..

## 8. Debtors

	31.12.2022 £000's
Accrued Manager's charge rebates	8
Accrued revenue	11
<b>Total debtors</b>	<b>19</b>

## 9. Other Creditors

	31.12.2022 £000's
Accrued Audit fee	5
Accrued Depositary's fee	1
Accrued Legal fee	2
<b>Total other creditors</b>	<b>8</b>

## 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 period ended 31 December 2022:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited

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



## NOTES TO FINANCIAL STATEMENTS (continued)

**11. Related Parties (continued)**

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 period end are disclosed in notes 8 and 9 .

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 2022:

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 period ended 31 December 2022, the Fund does not have any 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 Nil.

## NOTES TO FINANCIAL STATEMENTS (continued)

**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 period ended 31 December 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the period	–
Issued during the period	8,116,891
Cancelled during the period	(314)
<b>Balance at the end of the period</b>	<b>8,116,577</b>

**14. Subsequent Events**

There have been no significant events subsequent to the period-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the period ended 31 December 2022.

## **BLACKROCK FUTUREWISE EARLY DAYS AGGREGATOR**

### **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 17 August 2022. The Fund's FCA product reference number is 988109.

## Performance Record

## Comparative Table

	<b>X1 Accumulation Units</b>
	<b>For the period from 28.11.2022<sup>^</sup> to 31.12.2022</b>
	<b>Pence per unit</b>
<b>Change in net assets per unit</b>	
Opening net asset value per unit	100.00
Return before operating charges	(2.15)
Operating charges	0.00
Return after operating charges	(2.15)
Distributions	(0.13)
Retained distributions on accumulation units	0.13
<b>Closing net asset value per unit</b>	<b>97.85</b>
After direct transaction costs of:	0.00
<b>Performance</b>	
Return after charges <sup>1</sup>	(2.15)%
<b>Other Information</b>	
Closing net asset value (£000's)	8,107
Closing number of units	8,285,751
Operating charges <sup>2</sup>	0.03%
Direct transaction costs <sup>3</sup>	0.00%
<b>Prices</b>	<b>Pence per unit</b>
Highest offer unit price	101.34
Lowest bid unit price	96.29

<sup>^</sup> The date of commencement of operations.

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

## BLACKROCK FUTUREWISE EARLY DAYS AGGREGATOR

### DISTRIBUTION TABLE

for the period from 28 November 2022 to 31 December 2022

#### Final Distribution in Pence per Unit

	<b>X1 Accumulation Units</b>
Net revenue	0.1280
<b>Distribution payable 28.2.2023</b>	<b>0.1280</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

# BLACKROCK FUTUREWISE EARLY DAYS AGGREGATOR

## PORTFOLIO STATEMENT

at 31 December 2022

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>COLLECTIVE INVESTMENT SCHEMES - 99.84%</b>			
<b>Equity Funds - 99.84%</b>			
1,020,371	BlackRock ACS Europe ex UK ESG Insights Equity Fund*	1,015	12.52
459,869	BlackRock ACS Japan ESG Insights Equity Fund*	449	5.54
2,777,342	BlackRock ACS North America ESG Insights Equity Fund*	2,676	33.01
316,592	BlackRock ACS UK ESG Insights Equity Fund*	313	3.86
2,566,581	BlackRock ACS US ESG Insights Equity Fund*	2,475	30.53
274,737	Fidelity Sustainable Research Enhanced Emerging Markets Equity UCITS ETF	908	11.20
60,502	Fidelity Sustainable Research Enhanced Pacific ex Japan Equity UCITS ETF	258	3.18
		<b>8,094</b>	<b>99.84</b>
<b>Portfolio of investments</b>		<b>8,094</b>	<b>99.84</b>
Net other assets		13	0.16
<b>Total net assets</b>		<b>8,107</b>	<b>100.00</b>

Note: The Fund launched on 28 November 2022, 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.

\* Managed by a related party.

## BLACKROCK FUTUREWISE EARLY DAYS AGGREGATOR

### STATEMENT OF TOTAL RETURN

for the period from 28 November 2022 to 31 December 2022

	Notes	£000's	For the year to 31.12.2022 £000's
Income			
Net capital losses	3		(183)
Revenue	4	10	
Expenses	5	–	
Interest payable and similar charges		–	
Net revenue before taxation		10	
Taxation	6	–	
Net revenue after taxation			10
Total return before distributions			(173)
Distributions	7		(10)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(183)</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the period from 28 November 2022 to 31 December 2022

	£000's	For the period from 28.11.2022 to 31.12.2022 £000's
<b>Opening net assets attributable to unitholders</b>		–
Amounts receivable on issue of units	8,288	
Amounts payable on cancellation of units	(9)	
		8,279
Change in net assets attributable to unitholders from investment activities		(183)
Retained distribution on accumulation units		11
<b>Closing net assets attributable to unitholders</b>		<b>8,107</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

## BLACKROCK FUTUREWISE EARLY DAYS AGGREGATOR

### BALANCE SHEET

at 31 December 2022

	Notes	31.12.2022 £000's
<b>Assets:</b>		
Fixed assets		
– Investment assets		8,094
Current assets		
– Debtors	8	24
– Cash and bank balances		2
<b>Total assets</b>		<b>8,120</b>
<b>Liabilities:</b>		
Creditors		
– Other creditors	9	(13)
<b>Total liabilities</b>		<b>(13)</b>
<b>Net assets attributable to unitholders</b>		<b>8,107</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023



## BLACKROCK FUTUREWISE EARLY DAYS AGGREGATOR

### NOTES TO FINANCIAL STATEMENTS

for the period from 28 November 2022 to 31 December 2022

#### 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 23 and 24.

#### 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 25 to 55.

#### 3. Net Capital Losses

	For the period from 28.11.2022 to 31.12.2022 £000's
The net capital losses comprise:	
Losses on non-derivative securities	(183)
<b>Net capital losses</b>	<b>(183)</b>

#### 4. Revenue

	For the period from 28.11.2022 to 31.12.2022 £000's
Overseas dividends	9
US REIT dividends	1
<b>Total revenue</b>	<b>10</b>

#### 5. Expenses

	For the period from 28.11.2022 to 31.12.2022 £000's
Receivable from the Manager or associates of the Manager:	
– Manager's charge and other expenses rebate <sup>#</sup>	(12)
Payable to the Depositary or associates of the Depositary:	
– Depositary fee	1
Other expenses:	
– Audit fee	5
– Legal fee	6
<b>Total expenses</b>	<b>-</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.03%.

#### 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.

# BLACKROCK FUTUREWISE EARLY DAYS AGGREGATOR

## NOTES TO FINANCIAL STATEMENTS (continued)

### 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 28.11.2022 to 31.12.2022 £000's
Final accumulation	11
	11
Deduct: Amounts received on issue of units	(1)
<b>Distributions</b>	<b>10</b>

Details of the final distribution per unit are set out in the table on page 3.

### 8. Debtors

	31.12.2022 £000's
Accrued Manager's charge rebates	13
Accrued revenue	11
<b>Total debtors</b>	<b>24</b>

### 9. Other Creditors

	31.12.2022 £000's
Accrued Audit fee	5
Accrued Depositary's fee	1
Accrued Legal fee	7
<b>Total other creditors</b>	<b>13</b>

### 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 period ended 31 December 2022:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited

The ultimate holding company of the Manager and Investment Manager 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 period end are disclosed in notes 8 and 9.

**NOTES TO FINANCIAL STATEMENTS (continued)**

**11. Related Parties (continued)**

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 2022:

<b>Total % of units held by Affiliated Funds</b>	<b>Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds</b>	<b>Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds</b>
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 period ended 31 December 2022, the Fund does not have any 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 Nil.

## BLACKROCK FUTUREWISE EARLY DAYS AGGREGATOR

### NOTES TO FINANCIAL STATEMENTS (continued)

#### 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 period ended 31 December 2022 is as follows:

	<b>X1 Accumulation Units<sup>^</sup></b>
Balance at the beginning of the period	–
Issued during the period	8,294,498
Cancelled during the period	(8,747)
<b>Balance at the end of the period</b>	<b>8,285,751</b>

<sup>^</sup> Unit class was launched on 28 November 2022.

#### 14. Subsequent Events

There have been no significant events subsequent to the period-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the period ended 31 December 2022.

## **BLACKROCK FUTUREWISE RETIREMENT AGGREGATOR**

### **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 17 August 2022. The Fund's FCA product reference number is 988110.

## Performance Record

## Comparative Table

	<b>X1 Accumulation Units</b>
	<b>For the period from 28.11.2022<sup>^</sup> to 31.12.2022</b>
	<b>Pence per unit</b>
<b>Change in net assets per unit</b>	
Opening net asset value per unit	100.00
Return before operating charges	(1.40)
Operating charges	0.00
Return after operating charges	(1.40)
Distributions	(0.04)
Retained distributions on accumulation units	0.04
<b>Closing net asset value per unit</b>	<b>98.60</b>
After direct transaction costs of:	0.00
<b>Performance</b>	
Return after charges <sup>1</sup>	(1.40)%
<b>Other Information</b>	
Closing net asset value (£000's)	2,358
Closing number of units	2,391,706
Operating charges <sup>2</sup>	0.03%
Direct transaction costs <sup>3</sup>	0.00%
<b>Prices</b>	<b>Pence per unit</b>
Highest offer unit price	100.61
Lowest bid unit price	98.00

<sup>^</sup> The date of commencement of operations.

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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.

## BLACKROCK FUTUREWISE RETIREMENT AGGREGATOR

### DISTRIBUTION TABLE

for the period from 28 November 2022 to 31 December 2022

#### Final Distribution in Pence per Unit

	X1 Accumulation Units
Net revenue	0.0353
<b>Distribution payable 28.2.2023</b>	<b>0.0353</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

# BLACKROCK FUTUREWISE RETIREMENT AGGREGATOR

## PORTFOLIO STATEMENT

at 31 December 2022

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>COLLECTIVE INVESTMENT SCHEMES - 99.96%</b>			
<b>Equity Funds - 27.95%</b>			
18,444	BlackRock ACS Europe ex UK ESG Insights Equity Fund*	19	0.81
39,815	BlackRock ACS Japan ESG Insights Equity Fund*	39	1.65
480,801	BlackRock ACS North America ESG Insights Equity Fund*	463	19.63
28,482	BlackRock ACS UK ESG Insights Equity Fund*	28	1.19
26,353	Fidelity Sustainable Research Enhanced Emerging Markets Equity UCITS ETF	87	3.69
5,404	Fidelity Sustainable Research Enhanced Pacific ex Japan Equity UCITS ETF	23	0.98
		<b>659</b>	<b>27.95</b>
<b>Fixed Income Funds - 72.01%</b>			
305,599	Fidelity Funds - Sustainable Climate Bond Fund	263	11.15
180,891	Fidelity Sustainable Global Corporate Bond Paris-Aligned Multifactor UCITS ETF	787	33.38
100,599	Fidelity Sustainable Global High Yield Bond Paris-Aligned Multifactor UCITS ETF	518	21.97
31,712	Fidelity Sustainable USD EM Bond UCITS ETF	130	5.51
		<b>1,698</b>	<b>72.01</b>
	<b>Portfolio of investments</b>	<b>2,357</b>	<b>99.96</b>
	Net other assets	1	0.04
	<b>Total net assets</b>	<b>2,358</b>	<b>100.00</b>

Note: The Fund launched on 28 November 2022, 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.

\* Managed by a related party.



## BLACKROCK FUTUREWISE RETIREMENT AGGREGATOR

### STATEMENT OF TOTAL RETURN

for the period from 28 November 2022 to 31 December 2022

	Notes	£000's	For the period from 28.11.2022 to 31.12.2022 £000's
Income			
Net capital losses	3		(36)
Revenue	4	1	
Expenses	5	–	
Interest payable and similar charges		–	
Net revenue before taxation		1	
Taxation	6	–	
Net revenue after taxation			1
Total return before distributions			(35)
Distributions	7		(1)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(36)</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the period from 28 November 2022 to 31 December 2022

	£000's	For the period from 28.11.2022 to 31.12.2022 £000's
<b>Opening net assets attributable to unitholders</b>		–
Amounts receivable on issue of units	2,407	
Amounts payable on cancellation of units	(14)	
		2,393
Change in net assets attributable to unitholders from investment activities		(36)
Retained distribution on accumulation units		1
<b>Closing net assets attributable to unitholders</b>		<b>2,358</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

## BLACKROCK FUTUREWISE RETIREMENT AGGREGATOR

### BALANCE SHEET

at 31 December 2022

	Notes	31.12.2022 £000's
<b>Assets:</b>		
Fixed assets		
– Investment assets		2,357
Current assets		
– Debtors	8	7
– Cash and bank balances		1
<b>Total assets</b>		<b>2,365</b>
<b>Liabilities:</b>		
Creditors		
– Other creditors	9	(7)
<b>Total liabilities</b>		<b>(7)</b>
<b>Net assets attributable to unitholders</b>		<b>2,358</b>

Note: The Fund launched on 28 November 2022, therefore no comparatives have been presented.

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

**NOTES TO FINANCIAL STATEMENTS**

for the period from 28 November 2022 to 31 December 2022

**1. Accounting and Distribution Policies**

The accounting and distribution policies are set out on pages 23 and 24.

**2. Financial Instruments and Risks**

The financial instruments and risks are set out on pages 25 to 55.

**3. Net Capital Losses**

	For the period from 28.11.2022 to 31.12.2022 £000's
The net capital losses comprise:	
Losses on non-derivative securities	(36)
<b>Net capital losses</b>	<b>(36)</b>

**4. Revenue**

	For the period from 28.11.2022 to 31.12.2022 £000's
Overseas dividends	1
<b>Total revenue</b>	<b>1</b>

**5. Expenses**

	For the period from 28.11.2022 to 31.12.2022 £000's
Receivable from the Manager or associates of the Manager:	
– Manager's charge and other expenses rebate <sup>#</sup>	(6)
Payable to the Depositary or associates of the Depositary:	
– Depositary fee	1
Other expenses:	
– Audit fee	5
<b>Total expenses</b>	<b>–</b>

<sup>#</sup> The Fund received rebates from the Manager to ensure that the operating charge does not exceed 0.03%.

**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.

# BLACKROCK FUTUREWISE RETIREMENT AGGREGATOR

## NOTES TO FINANCIAL STATEMENTS (continued)

### 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 28.11.2022 to 31.12.2022 £000's
Final accumulation	1
	1
<b>Distributions</b>	<b>1</b>

Details of the final distribution per unit are set out in the table on page 246.

### 8. Debtors

	31.12.2022 £000's
Accrued Manager's charge rebates	6
Accrued revenue	1
<b>Total debtors</b>	<b>7</b>

### 9. Other Creditors

	31.12.2022 £000's
Accrued Audit fee	5
Accrued Depositary's fee	1
Accrued Legal fee	1
<b>Total other creditors</b>	<b>7</b>

### 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 period ended 31 December 2022:

Manager:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited

The ultimate holding company of the Manager and Investment Manager 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 period end are disclosed in notes 8 and 9.

**NOTES TO FINANCIAL STATEMENTS (continued)**

**11. Related Parties (continued)**

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 2022:

<b>Total % of units held by Affiliated Funds</b>	<b>Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds</b>	<b>Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds</b>
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 period ended 31 December 2022, the Fund does not have any 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 Nil.

## BLACKROCK FUTUREWISE RETIREMENT AGGREGATOR

### NOTES TO FINANCIAL STATEMENTS (continued)

#### 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 period ended 31 December 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the period	–
Issued during the period	2,405,825
Cancelled during the period	(14,119)
<b>Balance at the end of the period</b>	<b>2,391,706</b>

#### 14. Subsequent Events

There have been no significant events subsequent to the period-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the period ended 31 December 2022.

## **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 31.12.2022	For the year to 31.12.2021	For the year to 31.12.2020
	Pence per unit	Pence per unit	Pence per unit
<b>Change in net assets per unit</b>			
Opening net asset value per unit	141.92	124.92	114.68
Return before operating charges	(16.45)	17.03	10.26
Operating charges	(0.03)	(0.03)	(0.02)
Return after operating charges	(16.48)	17.00	10.24
Distributions	(3.11)	(2.48)	(2.43)
Retained distributions on accumulation units	3.11	2.48	2.43
<b>Closing net asset value per unit</b>	125.44	141.92	124.92
After direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges <sup>1</sup>	(11.61)%	13.61%	8.93%
<b>Other Information</b>			
Closing net asset value (£000's)	7,976,381	9,355,338	8,540,856
Closing number of units	6,358,760,133	6,591,902,074	6,836,937,135
Operating charges <sup>2</sup>	0.02%	0.02%	0.02%
Direct transaction costs <sup>3</sup>	0.00%	0.00%	0.00%
<b>Prices</b>	<b>Pence per unit</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
Highest offer unit price	142.40	142.21	125.40
Lowest bid unit price	119.00	124.70	90.94

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> 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 2022

#### Final Distribution in Pence per Unit

	<b>X1 Accumulation Units</b>
Net revenue	3.1136
<b>Distribution payable 28.2.2023</b>	<b>3.1136</b>
<b>Distribution paid 28.2.2022</b>	<b>2.4770</b>

# BLACKROCK PENSION GROWTH FUND

## PORTFOLIO STATEMENT

at 31 December 2022

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>COLLECTIVE INVESTMENT SCHEMES - 97.14%; 31.12.21 97.59%</b>			
<b>Equity Funds - 64.81%; 31.12.21 71.45%</b>			
201,081,207	BlackRock ACS Japan Equity Tracker Fund	222,522	2.79
1,119,681,700	BlackRock ACS US Equity Tracker Fund	1,916,056	24.02
596,471,897	iShares 100 UK Equity Index Fund (UK)	1,176,849	14.75
222,819,949	iShares Continental European Equity Index Fund (UK)	588,674	7.38
226,004,752	iShares Emerging Markets Equity Index Fund (UK)	385,795	4.84
128,126,280	iShares Mid Cap UK Equity Index Fund (UK)	284,414	3.57
109,110,085	iShares North American Equity Index Fund (UK)	473,121	5.93
53,938,030	iShares Pacific ex Japan Equity Index Fund (UK)	122,132	1.53
		<b>5,169,563</b>	<b>64.81</b>

<b>Fixed Income Funds - 32.33%; 31.12.21 26.14%</b>			
81,020,072	BlackRock Corporate Bond 1-10 Year Fund	108,260	1.36
4,921,119	iShares Emerging Markets Government Bond Index Fund (LU)	497,635	6.24
327,483,986	iShares ESG Sterling Corporate Bond Index Fund (UK)	266,335	3.34
28,328,121	iShares Global Inflation-Linked Bond Index Fund US Dollar Hedged	374,725	4.70
589,780,333	iShares Overseas Corporate Bond Index Fund (UK)	904,369	11.34
258,602,693	iShares Overseas Government Bond Index Fund (UK)	317,931	3.98
104,904,938	iShares UK Gilts All Stocks Index Fund (UK)	109,740	1.37
		<b>2,578,995</b>	<b>32.33</b>

Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
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### DERIVATIVES - 1.48%; 31.12.21 (0.20)%

#### Forward Currency Contracts - 1.48%; 31.12.21 (0.20)%

EUR 80,733,894	Euro vs UK sterling	71,645	306	0.00
GBP 677,091,233	UK sterling vs Euro	(670,829)	6,262	0.08
GBP 3,218,809,442	UK sterling vs United States dollar	(3,100,272)	118,537	1.49

Holding or Nominal Value	Investment	Underlying Exposure £000's	Market Value £000's	% of Total Net Assets
USD 724,874,884	United States dollar vs UK sterling	601,967	(6,693)	(0.09)
		<b>(3,097,489)</b>	<b>118,412</b>	<b>1.48</b>
<b>Portfolio of investments</b>			<b>7,866,970</b>	<b>98.62</b>
<b>CASH EQUIVALENTS</b>				
<b>Short-term Money Market Funds - 0.82%; 31.12.21 2.08%</b>				
650,107	BlackRock ICS Sterling Liquid Environmentally Aware Fund		64,994	0.82
68,061	BlackRock ICS Sterling Liquidity Fund		68	0.00
			<b>65,062</b>	<b>0.82</b>
Net other assets			44,349	0.56
<b>Total net assets</b>			<b>7,976,381</b>	<b>100.00</b>

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 2022

	Notes	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Income			
Net capital (losses)/gains	3	(1,276,612)	974,490
Revenue	4	200,910	166,474
Expenses	5	(269)	(348)
Interest payable and similar charges		–	–
Net revenue before taxation		200,641	166,126
Taxation	6	–	–
Net revenue after taxation		200,641	166,126
Total return before distributions		(1,075,971)	1,140,616
Distributions	7	(200,640)	(166,127)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(1,276,611)</b>	<b>974,489</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2022

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
<b>Opening net assets attributable to unitholders</b>	9,355,338	8,540,856
Amounts receivable on issue of units	150,836	98,162
Amounts payable on cancellation of units	(451,168)	(421,450)
	(300,332)	(323,288)
Change in net assets attributable to unitholders from investment activities	(1,276,611)	974,489
Retained distribution on accumulation units	197,986	163,281
<b>Closing net assets attributable to unitholders</b>	<b>7,976,381</b>	<b>9,355,338</b>

## BLACKROCK PENSION GROWTH FUND

### BALANCE SHEET

at 31 December 2022

	Notes	31.12.2022 £000's	31.12.2021 £000's
<b>Assets:</b>			
Fixed assets			
– Investment assets		7,873,663	9,145,016
Current assets			
– Debtors	8	40,913	44,124
– Cash and bank balances		3,454	5,446
– Cash equivalents	9	65,062	194,668
<b>Total assets</b>		<b>7,983,092</b>	<b>9,389,254</b>
<b>Liabilities:</b>			
Investment liabilities		(6,693)	(33,902)
Creditors			
– Other creditors	10	(18)	(14)
<b>Total liabilities</b>		<b>(6,711)</b>	<b>(33,916)</b>
<b>Net assets attributable to unitholders</b>		<b>7,976,381</b>	<b>9,355,338</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
28 February 2023

# BLACKROCK PENSION GROWTH FUND

## NOTES TO FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 23 and 24.

### 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 25 to 55.

### 3. Net Capital (Losses)/Gains

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(910,139)	975,834
Forward currency contracts	(367,228)	(1,336)
Currency gains/(losses)	763	(2)
Custodian transaction costs	(8)	(6)
<b>Net capital (losses)/gains</b>	<b>(1,276,612)</b>	<b>974,490</b>

### 4. Revenue

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Interest from UK bank deposits	35	1
Equity distributions on CIS holdings	91,294	76,601
Interest distributions on CIS holdings	64,236	46,242
Overseas dividends	41,345	41,435
Rebate from underlying CIS holdings	–	368
Revenue from short-term money market funds	3,016	40
Securities lending revenue	108	97
UK dividends	–	212
US REIT dividends	876	1,478
<b>Total revenue</b>	<b>200,910</b>	<b>166,474</b>

### 5. Expenses

	For the year to 31.12.2022 £000's	For the year to 31.12.2021 £000's
Payable to the Depositary or associates of the Depositary:		
– Depositary fee	12	12
Other expenses:		
– Administration fee	25	–
– Audit fee	8	7
– Legal fee	16	55
– Safe custody fee	2	2
– Dividend charges*	206	272
<b>Total expenses</b>	<b>269</b>	<b>348</b>

\* 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 31.12.2022 £000's	For the year to 31.12.2021 £000's
Final accumulation	197,986	163,281
	197,986	163,281
Add: Amounts deducted on cancellation of units	4,283	3,489
Deduct: Amounts received on issue of units	(1,629)	(643)
<b>Distributions</b>	<b>200,640</b>	<b>166,127</b>
The distributable amount has been calculated as follows:		
Net revenue after taxation	200,641	166,126
Add: Revenue brought forward	3	4
Deduct: Revenue carried forward	(4)	(3)
<b>Distributions</b>	<b>200,640</b>	<b>166,127</b>

Details of the final distribution per unit are set out in the table on page 256.

### 8. Debtors

	31.12.2022 £000's	31.12.2021 £000's
Accrued rebate from underlying CIS holdings	5	272
Accrued revenue	36,388	40,024
Amount receivable on issue of units	4,520	3,828
<b>Total debtors</b>	<b>40,913</b>	<b>44,124</b>

### 9. Cash Equivalents

	31.12.2022 £000's	31.12.2021 £000's
Investment in short-term money market funds	65,062	194,668
<b>Total cash equivalents</b>	<b>65,062</b>	<b>194,668</b>

### 10. Other Creditors

	31.12.2022 £000's	31.12.2021 £000's
Accrued Audit fee	7	7
Accrued Depositary's fee	5	4
Accrued Safe custody fee	1	1
Custodian transaction costs	5	2
<b>Total other creditors</b>	<b>18</b>	<b>14</b>

## 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 2021: £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 2022:

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 Stock 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 2022:

	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
<b>Total % of units held by Affiliated Funds</b>		
Nil	1	100%

## BLACKROCK PENSION GROWTH FUND

### NOTES TO FINANCIAL STATEMENTS (continued)

#### 12. Related Parties (continued)

As at 31 December 2021:

<b>Total % of units held by Affiliated Funds</b>	<b>Number of investors holding 51% or more of the voting units in issue who are not Affiliated Funds</b>	<b>Total % of units held by unitholders holding 51% or more of the voting units in issue who are not Affiliated Funds</b>
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 2022, the Fund does not have any in-specie transactions with its related parties (31 December 2021: £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 Nil (31 December 2021: 0.18%).

#### 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 2022 is as follows:

	<b>X1 Accumulation Units</b>
Balance at the beginning of the year	6,591,902,074
Issued during the year	118,384,554
Cancelled during the year	(351,526,495)
<b>Balance at the end of the year</b>	<b>6,358,760,133</b>

#### 15. Subsequent Events

There have been no significant events subsequent to the year-end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 31 December 2022.



## **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 capital losses 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 2022

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  
28 February 2023



### 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 2022, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables for each of the Scheme’s Funds, the Financial Instruments and Risks 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 2022 and of the net revenue and the net capital losses 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

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 (the “Fund”) and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements for this Fund only, have been prepared on a break-up 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.



### Conclusions relating to going concern

The financial statements for the ACS LifePath 2019-2021 Fund have been prepared on a break-up 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 ability (except for ACS LifePath 2019-2021 Fund) to continue as a going concern for a period assessed by the Manager, which is 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.



### **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 264, 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.



### **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 Association's Statement of Recommended Practice (IA 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 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.



**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  
28 February 2023

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**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 2022, no additional disclosures have been provided (31 December 2021: £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 2022, the firm manages £7.00 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.

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