

BlackRock



**Annual report and audited
financial statements**

BlackRock Balanced Growth Portfolio Fund

For the financial year ended 28 February 2021

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General Information

Manager & Registrar

BlackRock Fund Managers Limited
12 Throgmorton Avenue, London EC2N 2DL

Member of The Investment Association and authorised and regulated by the Financial Conduct Authority ("FCA").

Directors of the Manager

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

Trustee & Custodian

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

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

Investment Manager

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

Authorised and regulated by the FCA.

Stock Lending Agent

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

Authorised and regulated by the FCA

Auditor

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

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

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

BlackRock Fund Managers Limited
12 Throgmorton Avenue, London EC2N 2DL
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For your protection, telephone calls are usually recorded.

* Non-executive Director.

About the Fund

BlackRock Balanced Growth Portfolio Fund (the “Fund”) is a UCITS scheme under the COLL Sourcebook. The Fund was established on 15 January 1982. The Fund’s FCA product reference number is 108404.

The Fund was first known as Rowan Fixed Interest Fund. It was renamed Mercury Global Fund and the investment objective changed on 5 May 1987. On 1 February 1989 the Fund’s name was changed to The Mercury Portfolio Fund and the investment strategy changed to that described below. On 5 January 1998 the Fund’s name was changed to the Mercury Balanced Portfolio Fund. On 30 September 2000 the Fund’s name was changed to Merrill Lynch Balanced Portfolio Fund. The Fund changed its name to BlackRock Balanced Portfolio Fund on 28 April 2008 and adopted its present name with effect from 1 May 2009.

Assessment of value

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

Fund Managers

As at 28 February 2021, the Fund Managers of the Fund are Adam Ryan, Jason Byrom and Conan McKenzie.

Significant Events

Changes in the Directors of the Manager

M B Cook resigned as a Director effective 30 October 2020. D Edgar was appointed as a Director effective 14 November 2020. L E Watkins resigned as a Director effective 16 November 2020. R A R Hayes resigned as a Director effective 13 January 2021. S Corrigan was appointed as a Director effective 13 January 2021.

Outbreak of COVID-19

An outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 has developed into a global pandemic and has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions, and lower consumer demand, as well as general concern and uncertainty. The impact of COVID-19 has adversely affected the economies of many nations across the entire global economy, individual issuers and capital markets, and could continue to extents that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established healthcare systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty. The impact of this significant event on the Fund’s financial risk exposure is disclosed in Note 2.

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

Investment Report

for the year ended 28 February 2021

Investment Objective

The aim of the Fund is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund) (gross of fees) with the opportunity for additional income generation (i.e. income received on the Fund's assets) depending on market conditions.

Comparator benchmark	Investment management approach
Investment Association OE Mixed Investment 40-85% Shares Average Sector	Active

Performance Summary

The following table compares the Fund's realised performance against the performance of the relevant comparator benchmark during the financial year ended 28 February 2021.

The returns disclosed, based on bid-to-bid dealing prices (the price at which units are sold) and calculated net of fees, are the performance returns for the primary unit class of the Fund which has been selected as a representative unit class. The primary unit class represents the class of unit which is the highest charging unit class, free of any commissions or rebates, and is freely available. Performance returns for any other unit class can be made available on request.

	Fund return %	Comparator benchmark %
Class D Accumulation Units	20.03	10.88

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

Global Economic Overview

Global equities, as represented by the MSCI All Country World Index (GBP), posted a return of 19.00% for the twelve months ended 28 February 2021. The reporting period began at the height of uncertainty surrounding the spread of COVID-19, which initially led to steep declines for all classes of equities. Countries around the globe instituted restrictions to slow the progress of the virus, resulting in a sharp economic downturn and a sudden rise in unemployment. Turbulence in energy markets also unsettled equities, as a rapid fall in oil prices threatened the viability of parts of the energy sector.

Beginning in late March 2020, however, equities regained a significant portion of their losses as aggressive policy responses from governments and central banks, the phased reopening of economies around the world and new treatments of COVID-19 raised hopes for an economic recovery. In November 2020, news that multiple vaccines had shown high effectiveness rates and were ready to be put into production reassured investors and provided a strong boost to equities. As mass vaccination programs got underway in early 2021 and global infections began to decline, equities advanced again, with many indices reaching all-time highs. The prospect of a return to normality and increased consumer spending due to pent-up demand led investors to increase their expectations for future inflation.

Investment Report continued

Prior to the beginning of the reporting period, highly rated bonds rallied, while lower-rated bonds declined sharply, especially corporate and emerging market credits, in response to the COVID-19 outbreak. Many bond prices (which move inversely to yields) fell, particularly for corporate and emerging market bonds, before recovering due to central bank interventions. The US Federal Reserve ("the Fed") implemented an unprecedented corporate bond purchasing facility which provided significant support to the sector. Consequently, the reporting period saw a reversal of the flight from risk as investor appetite for corporate bonds, particularly lower-quality, higher-yield bonds, increased substantially. High-yield corporate bonds subsequently advanced strongly, while investment-grade corporate bonds posted a more modest return.

The demand for less risky assets initially led to solid returns for US Treasuries, and the yield on the 10-year US Treasury, a benchmark lending rate for the bond market, touched an all-time low in August 2020. However, yields increased in early 2021 as investors' inflation expectations rose, leading to negative US Treasury returns for the 12-month period.

Equities in emerging markets posted a strong advance for the reporting period. These equities were initially among the most affected by the COVID-19 pandemic, as lockdowns and factory closures in China negatively impacted on Chinese markets. Many of the emerging Asian economies that have substantial trade with China also suffered significant supply and demand shocks. However, emerging market equities rebounded sharply as infection rates slowed and economies reopened, and China reported economic data indicating a strong recovery. Emerging market bond prices, which fell sharply in March 2020, recovered due to optimism about the pace of economic recovery, outperforming other international bonds for the 12-month period.

In the commodities market, gold prices rose, touching an all-time high in August 2020 as investors sought alternative stores of value amid a large increase in the money supply. Oil prices fell rapidly to a 21 year low in April 2020 amid a combination of weakened demand and increased supply following a dispute between Russia and Saudi Arabia (two of the world's leading oil producers). However, prices climbed again as economic conditions improved, ending the reporting period with a gain.

On the foreign exchanges, the US dollar declined against most global currencies, reflecting ongoing monetary stimulus and historically low interest rates relative to other developed economies. The euro, sterling, the Swiss franc, and the Japanese yen all advanced against the US dollar.

The disruption caused by the pandemic led to a significant worldwide economic contraction early in the reporting period. The US economy shrank by an annualised record 31.4% in the second quarter of 2020, and the economies of the Eurozone and Japan fell into recession. Signs of recovery appeared later in the reporting period, however, as the Chinese economy returned to growth in the second quarter of 2020. The US and Japan followed with significant rebound growth in the third quarter followed by slower gains in the fourth quarter. The Eurozone economy grew in the third quarter before contracting again in the fourth quarter amid renewed lockdowns in some areas.

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

Fund Performance Review and Activity

Over the financial year to 28 February 2021, the Fund's return was 20.03%, outperforming its comparator benchmark, which returned 10.88%.

Markets endured a rollercoaster ride, initially falling significantly before unprecedented support from governments and accommodative central bank policy helped to restore confidence. Towards the end of the period, news that a number of vaccines had proved to be safe and effective led to some equity markets reaching new all-time highs. However, markets remained volatile as the huge level of stimulus stoked inflation fears. The Fund performed strongly over the period as asset prices staged a remarkable recovery, performance was driven largely by the contribution from developed market equities.

Also contributing to returns was the Fund's allocation to hedging strategies, designed to protect against an increase in market volatility (market ups and downs), as well as emerging market equity exposure which performed particularly strongly following the vaccine news. Government bonds provided protection as markets sold-off in March, whilst exposure to commodities and non-government bonds, initiated following the central bank response to the crisis, also contributed. Exposure to alternatives delivered a marginal positive outcome, whilst the Fund's cash and foreign exchange exposure was the key detractor over the course of the period

During the financial year the following were the largest contributors to and detractors from the Fund's return relative to the comparator benchmark:

Largest Contributors		Largest Detractors	
Strategy	Effect on Fund return	Strategy	Effect on Fund return
iShares MSCI USA SRI UCITS ETF	6.21%	US Policy Equity Basket	(1.19)%
S&P 500 Futures	2.90%	MSCI Emerging Market Equity Futures	(1.03)%
US Enterprise Technology Equity Basket	2.01%	iShares Corporate Bond UCITS ETF	(0.44)%
BlackRock Global Funds Emerging Markets Fund	1.72%	FTSE 250 Equity Futures	(0.33)%
BlackRock Continental European Fund	1.68%	US 10 Year Bond Futures	(0.13)%

Within developed market equities, the allocation to the iShares MSCI USA SRI UCITS ETF was a key contributor to the Fund's performance. It proved to be particularly resilient during the more stressed periods in markets. The bespoke/custom equity baskets, such as the US Enterprise Technology Equity Basket, also performed strongly as trends such as the adoption of cloud computing were accelerated by the pandemic. The US Policy Equity Basket was a key detractor given that we sold out of it at the start of the period as our long-term conviction in the theme waned. Hedging positions through futures also detracted, though these holdings helped brace the portfolio for any increase in volatility.

The following table details the significant portfolio weightings at 28 February 2021 and 29 February 2020:

28 February 2021		29 February 2020	
Sector	Gross exposure	Sector	Gross exposure
Global (ex UK) equities	50.2%	Global (ex UK) equities	45.2%
UK equities	28.9%	UK equities	26.9%
Corporate bonds	11.1%	Government bonds	9.8%
Volatility & Carry Strategies	3.5%	Corporate bonds	9.6%
Cash	3.4%	Volatility & Carry Strategies	4.8%

Investment Report continued

We dynamically managed the Fund's equity beta (sensitivity to equity markets) and duration (sensitivity to interest rates) over the period. We sold down our allocation to government bonds with the proceeds used to allocate to corporate bonds, which we believed would benefit from central banks' reaffirmation of their commitment to keep corporate borrowing costs low. As economic activity began to restart, and lockdown measures were eased, we increased our allocation to global equities, looking for targeted exposures to those areas which had been hard hit by COVID-19 but were well placed to recover.

Positive developments around vaccine approvals and roll out have underpinned more confidence that markets will start to focus on economic re-opening. We believe the economic restart has the potential to re-accelerate significantly in the second half of 2021 as pent up demand is unleashed. However, we see volatility remaining high in the near term as slow progress with vaccination programs, particularly in Europe, means potential for case number to accelerate given the rise of new variants.

Performance Record

Comparative Table

	A Income Units			A Accumulation Units		
	For the year to 28.2.2021	For the year to 29.2.2020	For the year to 28.2.2019	For the year to 28.2.2021	For the year to 29.2.2020	For the year to 28.2.2019
	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	155.6	149.2	151.9	346.1	325.4	326.1
Return before operating charges	30.65	12.27	2.41	68.12	26.74	5.01
Operating charges	(2.84)	(2.78)	(2.63)	(6.36)	(6.09)	(5.68)
Return after operating charges	27.81	9.49	(0.22)	61.76	20.65	(0.67)
Distributions	(4.18)	(3.09)	(2.46)	(9.07)	(6.80)	(5.29)
Retained distributions on accumulation units	N/A	N/A	N/A	9.07	6.80	5.29
Closing net asset value per unit						
After direct transaction costs of	179.2	155.6	149.2	407.9	346.1	325.4
	(0.06)	(0.03)	(0.06)	(0.14)	(0.07)	(0.14)
Performance						
Return after charges ¹	17.87%	6.36%	(0.14)%	17.84%	6.35%	(0.21)%
Other information						
Closing net asset value (£000's)	1,338	5,195	15,885	146,867	130,405	135,563
Closing number of units	746,774	3,337,752	10,645,163	36,009,555	37,683,762	41,656,745
Operating charges ²	1.69%	1.72%	1.72%	1.69%	1.72%	1.72%
Direct transaction costs ³	0.04%	0.02%	0.04%	0.04%	0.02%	0.04%
Prices						
Highest offer unit price	197.1	181.1	171.7	444.1	399.0	368.6
Lowest bid unit price	135.6	149.6	142.6	301.4	326.3	308.8

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

² Operating charges are annualised and exclude portfolio trade-related costs, except costs paid to the custodian/depositary and entry/exit charges paid to an underlying collective investment scheme (if any).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments, debt instruments and collective investment schemes.

See note 14 for further details.

Performance Record continued

Comparative Table continued

	D Income Units			D Accumulation Units		
	For the year to 28.2.2021	For the year to 29.2.2020	For the year to 28.2.2019	For the year to 28.2.2021	For the year to 29.2.2020	For the year to 28.2.2019
	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	162.7	154.8	156.4	361.2	337.1	335.3
Return before operating charges	31.74	12.74	2.49	70.85	27.69	5.14
Operating charges	(1.66)	(1.63)	(1.54)	(3.71)	(3.57)	(3.31)
Return after operating charges	30.08	11.11	0.95	67.14	24.12	1.83
Distributions	(4.00)	(3.21)	(2.54)	(8.96)	(7.03)	(5.46)
Retained distributions on accumulation units	N/A	N/A	N/A	8.96	7.03	5.46
Closing net asset value per unit						
After direct transaction costs of	(0.07)	(0.03)	(0.07)	(0.15)	(0.07)	(0.14)
Performance						
Return after charges ¹	18.49%	7.18%	0.61%	18.59%	7.16%	0.55%
Other information						
Closing net asset value (£000's)	16,297	7,591	3,604	57,970	26,229	12,907
Closing number of units	8,632,429	4,665,722	2,328,347	13,533,571	7,261,092	3,828,382
Operating charges ²	0.94%	0.97%	0.97%	0.94%	0.97%	0.97%
Direct transaction costs ³	0.04%	0.02%	0.04%	0.04%	0.02%	0.04%
Prices						
Highest offer unit price	197.6	180.3	169.0	444.1	396.6	362.3
Lowest bid unit price	141.8	155.3	147.7	314.7	338.1	319.5

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

² Operating charges are annualised and exclude portfolio trade-related costs, except costs paid to the custodian/depositary and entry/exit charges paid to an underlying collective investment scheme (if any).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments, debt instruments and collective investment schemes.

See note 14 for further details.

Performance Record continued

Comparative Table continued

	S Income Units			S Accumulation Units		
	For the year to 28.2.2021	For the year to 29.2.2020	For the year to 28.2.2019	For the year to 28.2.2021	For the year to 29.2.2020	For the year to 28.2.2019
	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	123.2	117.1	118.2	140.9	131.4	130.5
Return before operating charges	24.02	9.66	1.91	27.55	10.74	2.05
Operating charges	(1.15)	(1.13)	(1.07)	(1.32)	(1.28)	(1.18)
Return after operating charges	22.87	8.53	0.84	26.23	9.46	0.87
Distributions	(3.02)	(2.43)	(1.92)	(3.46)	(2.74)	(2.12)
Retained distributions on accumulation units	N/A	N/A	N/A	3.46	2.74	2.12
Closing net asset value per unit						
After direct transaction costs of	(0.05)	(0.03)	(0.05)	(0.06)	(0.03)	(0.06)
Performance						
Return after charges ¹	18.56%	7.28%	0.71%	18.62%	7.20%	0.67%
Other information						
Closing net asset value (£000's)	2,439	1,928	1,847	11,641	7,057	6,039
Closing number of units	1,704,895	1,565,072	1,576,919	6,965,480	5,009,785	4,596,784
Operating charges ²	0.86%	0.89%	0.89%	0.86%	0.89%	0.89%
Direct transaction costs ³	0.04%	0.02%	0.04%	0.04%	0.02%	0.04%
Prices						
Highest offer unit price	157.2	143.3	134.2	181.9	162.4	148.2
Lowest bid unit price	107.3	117.5	111.7	122.9	131.7	124.5

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

² Operating charges are annualised and exclude portfolio trade-related costs, except costs paid to the custodian/depositary and entry/exit charges paid to an underlying collective investment scheme (if any).

³ Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments, debt instruments and collective investment schemes.

See note 14 for further details.

Distribution Tables

for the year ended 28 February 2021

Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2020

Group 2 – Units purchased 1 September 2020 to 28 February 2021

	A Income Units		A Accumulation Units		D Income Units		D Accumulation Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	1.7981	0.9451	3.9929	2.4440	1.8209	0.8501	4.0933	2.2772
Equalisation†	–	0.8530	–	1.5489	–	0.9708	–	1.8161
Distribution paid 30.4.2020	1.7981	1.7981	3.9929	3.9929	1.8209	1.8209	4.0933	4.0933
Distribution paid 30.4.2020	1.4432	1.4432	3.1769	3.1769	1.5060	1.5060	3.3104	3.3104

	S Income Units		S Accumulation Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	1.3723	0.8440	1.5876	0.9615
Equalisation†	–	0.5283	–	0.6261
Distribution paid 30.4.2021	1.3723	1.3723	1.5876	1.5876
Distribution paid 30.4.2020	1.1401	1.1401	1.2907	1.2907

Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2020

Group 2 – Units purchased 1 March 2020 to 31 August 2020

	A Income Units		A Accumulation Units		D Income Units		D Accumulation Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	2.3815	1.7449	5.0736	2.4277	2.1822	1.9714	4.8692	2.1440
Equalisation†	–	0.6366	–	2.6459	–	0.2108	–	2.7252
Distribution paid 31.10.2020	2.3815	2.3815	5.0736	5.0736	2.1822	2.1822	4.8692	4.8692
Distribution paid 31.10.2019	1.6697	1.6697	3.6401	3.6401	1.7356	1.7356	3.7784	3.7784

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

	S Income Units		S Accumulation Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	1.6437	0.8507	1.8712	1.1693
Equalisation†	–	0.7930	–	0.7019
Distribution paid 31.10.2020	1.6437	1.6437	1.8712	1.8712
Distribution paid 31.10.2019	1.3134	1.3134	1.4726	1.4726

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

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 Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("UCITS"), as amended, including in particular by Directive 2014/91/EU of the European Parliament and of the council of 23 July 2014, (the "Directive"), the "Guidelines on sound remuneration policies under the UCITS Directive and AIFMD" issued by the European Securities and Markets Authority, the Financial Conduct Authority Handbook SYSC 19E: The UCITS Remuneration Code (the "UCITS Remuneration Code"), and COLL 4.5.7 R(7).

BlackRock's UCITS Remuneration Policy (the "UCITS Remuneration Policy") will apply to the EEA entities within the BlackRock group authorised as a manager of alternative investment funds in accordance with the Directive, and will ensure compliance with the requirements of Article 14b of the Directive and the UCITS Remuneration Code.

The Manager has adopted the UCITS 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.

(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 regulations.

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.

Report on Remuneration continued

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

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

Through its regular reviews, the MDCC continues to be satisfied with the principles of BlackRock’s compensation policy and approach.

(b) The Manager’s Board

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

The Manager’s Board (through independent review by the relevant control functions) remains satisfied with the implementation of the UCITS 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.

Report on Remuneration continued

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

Individuals are not involved in setting their own remuneration.

Control functions

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

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

Link between pay and performance

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

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

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

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

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

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;

Report on Remuneration continued

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

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

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

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 select individuals to provide greater linkage with future business results. These 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.

Report on Remuneration continued

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

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

Identified Staff

The UCITS 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.

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 UCITS 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.

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

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

Report on Remuneration continued

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

The amount of the total remuneration awarded by the Manager to its staff which has been attributed to the Manager's UCITS-related business in respect of the Manager's financial year ending 31 December 2020 is GBP 61.2 million. This figure is comprised of fixed remuneration of GBP 2.0 million and variable remuneration of GBP 59.2 million. There were a total of 84 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the Manager, which has been attributed to the Manager's UCITS-related business in respect of the Manager's financial year ending 31 December 2020, to its senior management was GBP 0.2 million, and to other members of its staff whose actions have a material impact on the risk profile of the Fund was GBP 61.0 million.

Portfolio Statement

at 28 February 2021

Holding or Nominal Value	Investment [^]	Market Value £000's	% of Total Net Assets
EQUITIES – 25.81%; 29.2.2020 29.79%			
AUSTRALIA – 0.12%; 29.2.2020 0.00%			
Oil & Gas Producers – 0.12%; 29.2.2020 0.00%			
78,469 Oil Search		184	0.08
11,905 Santos		48	0.02
3,222 Woodside Petroleum		44	0.02
		276	0.12
AUSTRIA – 0.02%; 29.2.2020 0.00%			
Electricity – 0.01%; 29.2.2020 0.00%			
449 Verbund		25	0.01
Machinery Diversified – 0.01%; 29.2.2020 0.00%			
787 Andritz		27	0.01
BELGIUM – 0.01%; 29.2.2020 0.00%			
Chemicals – 0.01%; 29.2.2020 0.00%			
744 Umicore		31	0.01
BERMUDA – 0.14%; 29.2.2020 0.00%			
Insurance – 0.14%; 29.2.2020 0.00%			
34,100 Hiscox		322	0.14
CANADA – 0.19%; 29.2.2020 0.00%			
Mining – 0.05%; 29.2.2020 0.00%			
10,272 Cameco		115	0.05
Pipelines – 0.14%; 29.2.2020 0.00%			
12,386 Inter Pipeline		125	0.05
11,755 Pembina Pipeline		215	0.09
		340	0.14
DENMARK – 0.14%; 29.2.2020 0.00%			
Alternative Energy Sources – 0.05%; 29.2.2020 0.00%			
928 Vestas Wind Systems		126	0.05
Building Materials – 0.04%; 29.2.2020 0.00%			
380 Rockwool International		100	0.04
Electricity – 0.05%; 29.2.2020 0.00%			
999 Orsted		116	0.05
FINLAND – 0.16%; 29.2.2020 0.00%			
Oil & Gas Producers – 0.16%; 29.2.2020 0.00%			
8,130 Neste		384	0.16
FRANCE – 0.33%; 29.2.2020 0.00%			
Apparel – 0.03%; 29.2.2020 0.00%			
149 Kering		68	0.03
Banks – 0.04%; 29.2.2020 0.00%			
4,564 Societe Generale		81	0.04

Holding or Nominal Value	Investment [^]	Market Value £000's	% of Total Net Assets
Electrical Components & Equipment – 0.01%; 29.2.2020 0.00%			
211 Schneider Electric		23	0.01
Engineering & Construction – 0.03%; 29.2.2020 0.00%			
955 Vinci		71	0.03
Food Services – 0.03%; 29.2.2020 0.00%			
1,094 Sodexo		75	0.03
Healthcare Products – 0.03%; 29.2.2020 0.00%			
618 EssilorLuxottica		72	0.03
Lodging – 0.03%; 29.2.2020 0.00%			
2,523 Accor		76	0.03
Water – 0.13%; 29.2.2020 0.00%			
8,960 Suez		134	0.06
8,561 Veolia Environnement		166	0.07
		300	0.13
GERMANY – 0.25%; 29.2.2020 0.00%			
Alternative Energy Sources – 0.09%; 29.2.2020 0.00%			
11,010 Nordex		212	0.09
Chemicals – 0.01%; 29.2.2020 0.00%			
1,095 Evonik Industries		26	0.01
Electrical Components & Equipment – 0.05%; 29.2.2020 0.00%			
2,705 SMA Solar Technology		125	0.05
Entertainment – 0.03%; 29.2.2020 0.00%			
1,576 CTS Eventim		77	0.03
Leisure Time – 0.04%; 29.2.2020 0.00%			
21,119 TUI ^o		91	0.04
Retail – 0.03%; 29.2.2020 0.00%			
2,870 Hugo Boss		78	0.03
IRELAND – 0.23%; 29.2.2020 0.21%			
Beverages – 0.00%; 29.2.2020 0.00%			
3,470 C&C		9	0.00
Building Materials – 0.12%; 29.2.2020 0.21%			
6,100 CRH		189	0.08
1,765 Kingspan		92	0.04
		281	0.12
Retail – 0.11%; 29.2.2020 0.00%			
25,600 Grafton		253	0.11
ITALY – 0.04%; 29.2.2020 0.00%			
Electricity – 0.04%; 29.2.2020 0.00%			
3,098 Enel		21	0.01

Portfolio Statement continued

Holding or Nominal Value	Investment ^A	Market Value £000's	% of Total Net Assets
11,754	Terna Rete Elettrica Nazionale	59	0.03
		80	0.04
JAPAN – 0.12%; 29.2.2020 0.00%			
Oil & Gas Producers – 0.12%; 29.2.2020 0.00%			
60,100	Eneos	189	0.08
5,200	Idemitsu Kosan	97	0.04
		286	0.12
NETHERLANDS – 0.56%; 29.2.2020 0.99%			
Chemicals – 0.01%; 29.2.2020 0.00%			
161	Koninklijke DSM	19	0.01
Food Producers – 0.00%; 29.2.2020 0.07%			
Oil & Gas Producers – 0.49%; 29.2.2020 0.92%			
82,800	Royal Dutch Shell	1,149	0.49
Pipelines – 0.06%; 29.2.2020 0.00%			
3,859	Koninklijke Vopak	132	0.06
NORWAY – 0.11%; 29.2.2020 0.00%			
Environmental Control – 0.05%; 29.2.2020 0.00%			
3,895	Tomra Systems	120	0.05
Oil & Gas Producers – 0.06%; 29.2.2020 0.00%			
10,354	Equinor	140	0.06
POLAND – 0.03%; 29.2.2020 0.00%			
Apparel – 0.03%; 29.2.2020 0.00%			
48	LPP	72	0.03
PORTUGAL – 0.05%; 29.2.2020 0.00%			
Oil & Gas Producers – 0.05%; 29.2.2020 0.00%			
13,007	Galp Energia SGPS	105	0.05
SPAIN – 0.09%; 29.2.2020 0.00%			
Alternative Energy Sources – 0.06%; 29.2.2020 0.00%			
5,569	Siemens Gamesa Renewable Energy	149	0.06
Electricity – 0.03%; 29.2.2020 0.00%			
2,841	EDP Renovaveis	45	0.02
2,207	Iberdrola	20	0.01
		65	0.03
SWEDEN – 0.18%; 29.2.2020 0.00%			
Building Materials – 0.06%; 29.2.2020 0.00%			
6,068	Nibe Industrier	137	0.06
Electronics – 0.03%; 29.2.2020 0.00%			
3,706	Assa Abloy	67	0.03
Miscellaneous Manufacturing – 0.03%; 29.2.2020 0.00%			
3,532	Alfa Laval	78	0.03

Holding or Nominal Value	Investment ^A	Market Value £000's	% of Total Net Assets
Oil & Gas Producers – 0.06%; 29.2.2020 0.00%			
5,911	Lundin Energy	138	0.06
SWITZERLAND – 0.06%; 29.2.2020 0.00%			
Alternative Energy Sources – 0.03%; 29.2.2020 0.00%			
2,614	Siemens Energy	71	0.03
Commercial Services – 0.01%; 29.2.2020 0.00%			
11	SGS	23	0.01
Retail – 0.02%; 29.2.2020 0.00%			
220	Swatch	47	0.02
UNITED KINGDOM – 15.64%; 29.2.2020 16.56%			
Advertising – 0.19%; 29.2.2020 0.22%			
125,000	Ascential	447	0.19
896	WPP	8	0.00
		455	0.19
Aerospace & Defence – 0.01%; 29.2.2020 0.00%			
101	Meggitt	–	0.00
25,686	Rolls-Royce	28	0.01
		28	0.01
Agriculture – 0.57%; 29.2.2020 0.86%			
54,300	British American Tobacco	1,349	0.57
Airlines – 0.19%; 29.2.2020 0.29%			
38,500	easyJet	379	0.16
38,632	International Consolidated Airlines	74	0.03
		453	0.19
Apparel – 0.24%; 29.2.2020 0.00%			
4,160	Burberry	76	0.03
101,534	Dr. Martens	501	0.21
		577	0.24
Banks – 0.77%; 29.2.2020 1.26%			
226,658	Barclays ^Ø	362	0.15
85,000	HSBC	362	0.15
776,000	Lloyds Banking	303	0.13
176,200	Standard Chartered	814	0.34
		1,841	0.77
Beverages – 0.08%; 29.2.2020 0.06%			
8,725	Fevertree Drinks	199	0.08
192	Marston's	–	0.00
		199	0.08
Chemicals – 0.32%; 29.2.2020 0.26%			
24,627	Johnson Matthey ^Ø	752	0.32
Commercial Services – 1.44%; 29.2.2020 1.99%			
19,400	Ashtead	753	0.32

Portfolio Statement continued

Holding or Nominal Value	Investment [^]	Market Value £000's	% of Total Net Assets
7,231 Capita		3	0.00
118,100 RELX		1,998	0.85
138,500 Rentokil Initial		646	0.27
		3,400	1.44
Computers – 0.19%; 29.2.2020 0.29%			
338,000 Serco		439	0.19
Cosmetics & Personal Care – 0.26%; 29.2.2020 0.32%			
16,700 Unilever ^o		623	0.26
Distribution & Wholesale – 0.79%; 29.2.2020 0.97%			
22,000 Ferguson		1,855	0.78
693 Travis Perkins		10	0.01
		1,865	0.79
Diversified Financial Services – 0.68%; 29.2.2020 0.92%			
30,800 Hargreaves Lansdown		465	0.20
11,900 London Stock Exchange		1,145	0.48
		1,610	0.68
Electricity – 0.01%; 29.2.2020 0.00%			
1,624 SSE		22	0.01
Electronics – 0.01%; 29.2.2020 0.00%			
852 Halma		19	0.01
Entertainment – 0.05%; 29.2.2020 0.00%			
113,843 Cineworld		112	0.05
Environmental Control – 0.07%; 29.2.2020 0.00%			
18,769 Biffa		48	0.02
3,144 Pentair		126	0.05
		174	0.07
Food Producers – 0.89%; 29.2.2020 1.36%			
30,500 Associated British Foods		722	0.31
3,930 Greggs		82	0.04
158 Marks & Spencer		–	0.00
161,096 SSP		554	0.23
330,000 Tesco		742	0.31
		2,100	0.89
Food Services – 0.64%; 29.2.2020 0.78%			
103,366 Compass		1,504	0.64
Healthcare Products – 0.26%; 29.2.2020 0.41%			
44,800 Smith & Nephew		621	0.26
Home Builders – 0.03%; 29.2.2020 0.00%			
4,951 Barratt Developments		33	0.01
109 Bellway		3	0.00
877 Crest Nicholson		3	0.00
1,078 Persimmon		28	0.01
2,504 Redrow		14	0.01

Holding or Nominal Value	Investment [^]	Market Value £000's	% of Total Net Assets
1,512 Taylor Wimpey		2	0.00
		83	0.03
Household Products – 0.60%; 29.2.2020 0.47%			
23,700 Reckitt Benckiser		1,422	0.60
Insurance – 0.29%; 29.2.2020 0.39%			
49,400 Prudential		696	0.29
Internet – 1.10%; 29.2.2020 1.17%			
176,500 Auto Trader		971	0.41
105,108 Moonpig		473	0.20
162,801 Rightmove		920	0.39
47,611 Trainline ^o		246	0.10
		2,610	1.10
Investment Companies – 1.18%; 29.2.2020 0.27%			
199,644 Melrose Industries		331	0.14
2,245,595 SDCL Energy Efficiency Income Trust		2,459	1.04
		2,790	1.18
Leisure Time – 0.00%; 29.2.2020 0.00%			
650 On the Beach		3	0.00
44,990 Patisserie ¹		–	0.00
1,723 Saga		6	0.00
		9	0.00
Lodging – 0.06%; 29.2.2020 0.00%			
1,463 InterContinental Hotels		73	0.03
2,078 Whitbread		71	0.03
		144	0.06
Machinery Diversified – 0.02%; 29.2.2020 0.00%			
3,036 CNH Industrial		32	0.01
183 Spirax-Sarco Engineering		20	0.01
		52	0.02
Media – 0.02%; 29.2.2020 0.00%			
5,186 Informa		29	0.01
26,687 ITV		29	0.01
		58	0.02
Mining – 1.36%; 29.2.2020 1.11%			
52,100 Rio Tinto		3,223	1.36
Miscellaneous Manufacturing – 0.05%; 29.2.2020 0.00%			
3,885 Diploma		90	0.04
1,911 Smiths		28	0.01
		118	0.05
Oil & Gas Producers – 0.61%; 29.2.2020 0.44%			
399,305 BP		1,165	0.49

Portfolio Statement continued

Holding or Nominal Value	Investment [^]	Market Value £000's	% of Total Net Assets
147,484	Cairn Energy	282	0.12
		1,447	0.61
Pharmaceuticals – 1.00%; 29.2.2020 1.32%			
34,199	AstraZeneca	2,374	1.00
Private Equity – 0.52%; 29.2.2020 0.59%			
110,800	3i	1,227	0.52
Real Estate Investment & Services – 0.00%; 29.2.2020 0.18%			
3,000	Grainger	8	0.00
Real Estate Investment Trusts – 0.28%; 29.2.2020 0.00%			
165,500	Capital & Counties Properties	281	0.12
700	Derwent London	23	0.01
1,596	Great Portland Estates	11	0.01
26,982	Hammerson	7	0.00
23	Land	–	0.00
1,958	Shaftesbury	12	0.01
31,917	Unite	309	0.13
451	Workspace	3	0.00
		646	0.28
Retail – 0.82%; 29.2.2020 0.63%			
758	J D Wetherspoon	9	0.00
44,992	JD Sports Fashion	374	0.16
4,384	Mitchells & Butlers	13	0.01
19,900	Next	1,504	0.64
421	Restaurant	–	0.00
714	WH Smith	14	0.01
		1,914	0.82
Transportation – 0.02%; 29.2.2020 0.00%			
189	Go-Ahead	2	0.00
12,694	National Express	38	0.02
2,126	Stagecoach	2	0.00
		42	0.02
Water – 0.02%; 29.2.2020 0.00%			
2,123	Pennon	19	0.01
2,481	United Utilities	21	0.01
		40	0.02
UNITED STATES OF AMERICA – 7.34%; 29.2.2020 12.03%			
Aerospace & Defence – 0.00%; 29.2.2020 0.62%			
Agriculture – 0.00%; 29.2.2020 0.15%			
Airlines – 0.17%; 29.2.2020 0.00%			
1,152	Alaska Air	54	0.02
5,692	American Airlines	85	0.04
2,311	Delta Air Lines	79	0.03
5,956	JetBlue Airways	78	0.03
1,932	Southwest Airlines	80	0.03

Holding or Nominal Value	Investment [^]	Market Value £000's	% of Total Net Assets
1,510	United Airlines	57	0.02
		433	0.17
Alternative Energy Sources – 0.09%; 29.2.2020 0.00%			
1,928	First Solar	112	0.05
1,966	Sunrun	88	0.04
		200	0.09
Automobile Manufacturers – 0.00%; 29.2.2020 0.12%			
Automobile Parts & Equipment – 0.03%; 29.2.2020 0.00%			
9,503	American Axle & Manufacturing	66	0.03
Banks – 0.15%; 29.2.2020 0.00%			
3,005	Bank of America	75	0.03
1,558	Citigroup	73	0.03
2,456	Citizens Financial	76	0.03
3,040	Fifth Third Bancorp	75	0.03
710	JP Morgan Chase	75	0.03
		374	0.15
Beverages – 0.00%; 29.2.2020 0.25%			
Biotechnology – 0.07%; 29.2.2020 0.31%			
5,051	Corteva	163	0.07
Chemicals – 0.08%; 29.2.2020 0.20%			
3,577	Axalta Coating Systems	70	0.03
854	Ecolab	128	0.05
		198	0.08
Commercial Services – 0.27%; 29.2.2020 0.75%			
2,291	Avis Budget	91	0.04
3,600	Booz Allen Hamilton	199	0.08
937	Euronet Worldwide	101	0.04
490	Global Payments	69	0.03
436	Quanta Services	26	0.01
14,783	Sabre	155	0.07
		641	0.27
Computers – 0.55%; 29.2.2020 0.94%			
5,955	Apple	516	0.22
8,076	Conduent	31	0.01
2,077	Fortinet	251	0.11
4,733	Hewlett Packard Enterprise	49	0.02
1,589	International Business Machines	135	0.06
2,291	NetApp	103	0.04
4,063	Seagate Technology	213	0.09
		1,298	0.55
Diversified Financial Services – 0.50%; 29.2.2020 0.54%			
773	American Express	75	0.03
842	Capital One Financial	72	0.03

Portfolio Statement continued

Holding or Nominal Value	Investment [^]	Market Value £000's	% of Total Net Assets
283	Credit Acceptance	73	0.03
1,514	Mastercard	383	0.16
1,845	OneMain	62	0.03
3,926	Santander Consumer USA	70	0.03
2,616	Synchrony Financial	72	0.03
2,422	Visa	368	0.16
		1,175	0.50

Electrical Components & Equipment – 0.01%; 29.2.2020 0.00%

376	EnerSys	24	0.01
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Electricity – 0.06%; 29.2.2020 0.12%

660	Ameresco	27	0.01
7,054	Evoqua Water Technologies	124	0.05
		151	0.06

Electronics – 0.02%; 29.2.2020 0.09%

382	Badger Meter	30	0.01
507	Trimble ^o	27	0.01
		57	0.02

Engineering & Construction – 0.02%; 29.2.2020 0.00%

617	Aecom	26	0.01
536	MasTec	33	0.01
		59	0.02

Entertainment – 0.09%; 29.2.2020 0.00%

4,757	Cinemark	76	0.03
1,245	Live Nation Entertainment	79	0.03
513	Madison Square Garden Sports	71	0.03
		226	0.09

Environmental Control – 0.14%; 29.2.2020 0.00%

2,484	Ceco Environmental	15	0.01
1,753	Republic Services	112	0.05
1,553	Tetra Tech	154	0.07
238	Waste Management	19	0.01
		300	0.14

Food Producers – 0.06%; 29.2.2020 0.00%

1,302	Sysco	74	0.03
2,751	US Foods	72	0.03
		146	0.06

Forest Products & Paper – 0.00%; 29.2.2020 0.10%

Healthcare Products – 0.00%; 29.2.2020 0.36%

Healthcare Services – 0.00%; 29.2.2020 0.26%

Internet – 0.72%; 29.2.2020 1.30%

282	Alphabet	407	0.17
110	Amazon.com	243	0.10

Holding or Nominal Value	Investment [^]	Market Value £000's	% of Total Net Assets
995	F5 Networks	135	0.06
1,976	Facebook	363	0.15
5,911	NortonLifeLock	82	0.04
790	Palo Alto Networks	202	0.09
2,709	TripAdvisor	96	0.04
1,209	VeriSign	168	0.07
		1,696	0.72

Leisure Time – 0.00%; 29.2.2020 0.17%

Machinery Diversified – 0.23%; 29.2.2020 0.00%

313	Agco	29	0.01
687	Deere	172	0.07
244	Dover	21	0.01
611	SPX Flow	27	0.01
1,535	Watts Water Technologies	125	0.05
795	Westinghouse Air Brake Technologies	41	0.02
1,869	Xylem	133	0.06
		548	0.23

Media – 0.04%; 29.2.2020 0.16%

2,200	Discovery	83	0.04
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Miscellaneous Manufacturing – 0.09%; 29.2.2020 0.34%

520	A O Smith	22	0.01
3,353	Donaldson	141	0.06
258	Eaton	24	0.01
3,507	General Electric	31	0.01
		218	0.09

Office & Business Equipment – 0.16%; 29.2.2020 0.24%

1,058	Zebra Technologies	377	0.16
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Oil & Gas Producers – 0.50%; 29.2.2020 0.14%

1,072	Chevron	77	0.03
1,399	ConocoPhillips	52	0.02
9,733	EOG Resources	449	0.19
8,656	Occidental Petroleum	165	0.07
3,302	Pioneer Natural Resources	351	0.15
1,522	Valero Energy	84	0.04
		1,178	0.50

Oil & Gas Services – 0.34%; 29.2.2020 0.00%

25,445	Halliburton	397	0.17
19,784	Schlumberger	395	0.17
		792	0.34

Pharmaceuticals – 0.00%; 29.2.2020 0.23%

Pipelines – 0.35%; 29.2.2020 0.00%

5,124	Cheniere Energy	246	0.10
38,027	Kinder Morgan	400	0.17

Portfolio Statement continued

Holding or Nominal Value	Investment [^]	Market Value £000's	% of Total Net Assets
12,067	Williams Cos	197	0.08
		843	0.35
Real Estate Investment Trusts – 0.09%; 29.2.2020 0.13%			
1,138	Lamar Advertising	70	0.03
4,549	Outfront Media	66	0.03
933	Simon Property	75	0.03
		211	0.09
Retail – 0.03%; 29.2.2020 0.13%			
1,586	FirstCash	72	0.03
Semiconductors – 0.68%; 29.2.2020 1.39%			
2,218	Analog Devices ^o	247	0.11
948	Broadcom	318	0.14
6,097	Intel	265	0.11
7,617	Marvell Technology	263	0.11
940	Nvidia	369	0.16
4,436	ON Semiconductor	128	0.05
		1,590	0.68
Shipbuilding – 0.00%; 29.2.2020 0.11%			
Software – 1.50%; 29.2.2020 2.29%			
883	Adobe	290	0.12
1,038	Ansys	253	0.11
1,594	Aspen Technology	171	0.07
4,229	Cadence Design Systems	427	0.18
786	Fair Isaac	257	0.11
743	Fidelity National Information Services	73	0.03
2,199	Fiserv	181	0.08
919	Intuit	256	0.11
4,599	Microsoft	764	0.32
5,023	Oracle	232	0.10
1,766	PTC	173	0.07
1,470	salesforce.com	228	0.10
619	Splunk	63	0.03
4,479	Verra Mobility	46	0.02
1,209	VMware	120	0.05
		3,534	1.50
Telecommunications – 0.17%; 29.2.2020 0.43%			
725	Arista Networks	145	0.06
5,785	Cisco Systems	186	0.08
6,059	CommScope	63	0.03
		394	0.17
Transportation – 0.00%; 29.2.2020 0.16%			
Water – 0.13%; 29.2.2020 0.00%			
1,056	American Water Works	107	0.05

Holding or Nominal Value	Investment [^]	Market Value £000's	% of Total Net Assets
1,634	California Water Service	64	0.03
3,953	Essential Utilities	119	0.05
238	Global Water Resources	3	0.00
		293	0.13
BONDS – 1.15%; 29.2.2020 1.15%			
US Dollar Denominated Corporate Bonds – 1.15%; 29.2.2020 1.15%			
\$2,400,000	Goldman Sachs International 0% 21/12/2021	2,731	1.15
COLLECTIVE INVESTMENT SCHEMES – 58.97%; 29.2.2020 65.53%			
Equity Funds – 20.57%; 29.2.2020 19.16%			
349,481	BlackRock Continental European Fund [†]	12,228	5.17
669,746	BlackRock Global Funds - Emerging Markets Fund [†]	10,529	4.45
119,089	BlackRock Global Funds - US Growth Fund [†]	3,295	1.39
341,167	BlackRock UK Smaller Companies Fund [†]	3,182	1.35
1,580,681	BlackRock UK Smaller Companies Fund [†]	19,411	8.21
		48,645	20.57
Exchange Traded Funds – 35.84%; 29.2.2020 42.92%			
890,566	iShares Core Bond UCITS ETF [†]	4,131	1.75
141,762	iShares Core FTSE 100 UCITS ETF ^{†o}	15,551	6.58
189,724	iShares Global Bond UCITS ETF ^{†o}	14,344	6.06
1,154,140	iShares JP Morgan ESG USD EM Bond UCITS ETF [†]	4,354	1.84
1,668,975	iShares MSCI Japan SRI UCITS ETF [†]	8,610	3.64
3,825,679	iShares MSCI USA SRI UCITS ETF [†]	29,648	12.53
110,495	iShares USD High Yield Bond UCITS ETF [†]	8,145	3.44
		84,783	35.84
Investment Trusts – 0.96%; 29.2.2020 1.34%			
1,967,852	BlackRock Frontiers Investment Trust [†]	2,283	0.96
Multi-Strategy Funds – 0.00%; 29.2.2020 0.00%			
2,272,325	Highbridge Multi Strategy Fund ²	–	0.00
Short-term Money Market Funds – 1.60%; 29.2.2020 2.11%			
37,866	BlackRock ICS Sterling Liquid Environmentally Aware Fund [†]	3,787	1.60

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
DERIVATIVES – 1.76%; 29.2.2020 (0.27%)				
Credit Default Swaps – 0.00%; 29.2.2020 (0.09%)				
Forward Currency Contracts – 0.20%; 29.2.2020 0.02%				
£7,889,764	UK sterling vs Euro	7,761	130	0.05
£1,320,000	UK sterling vs Japanese yen	1,259	61	0.03
£16,745,000	UK sterling vs US dollar	16,491	253	0.11
US\$5,600,000	US dollar vs South African rand	7,986	23	0.01
		33,497	467	0.20
Futures – 0.54%; 29.2.2020 0.23%				
(19)	E-Mini Consumer Discretionary Select March 2021	2,212	(55)	(0.03)
(86)	E-Mini Consumer Staples Index March 2021	3,912	214	0.09
13	E-Mini Industry Select March 2021	847	22	0.01
(48)	E-Mini Technology Select March 2021	4,521	(116)	(0.05)
(24)	Euro Stoxx 50 March 2021	756	19	0.01
742	Euro Stoxx Bank March 2021	2,696	302	0.13
(72)	FTSE 100 Index March 2021	4,636	(91)	(0.04)
18	IBEX 35 Index March 2021	1,281	(2)	0.00
(88)	MSCI Emerging Markets March 2021	4,211	(282)	(0.12)
76	MSCI Singapore Index ETS March 2021	1,384	16	0.01
(70)	MSCI World Index March 2021	4,078	(169)	(0.07)
58	Russell 2000 E-Mini March 2021	4,562	(75)	(0.03)
68	S&P 500 E-Mini March 2021	9,263	352	0.15
138	XAF Financial March 2021	9,793	1,129	0.48
		54,152	1,264	0.54
Inflation Swaps – 0.00%; 29.2.2020 (0.03%)				
Options – 0.09%; 29.2.2020 0.07%				
111	MSCI Emerging Markets Call Option 18/06/2021 1450	2,948	222	0.09
Total Return Swaps – 0.93%; 29.2.2020 (0.28%)				
1,043	Bank of America Merrill Lynch SOX Index 0% 17/2/2022	2,288	(128)	(0.06)
923,402	Barclays Bank Barclays WVMW Index 0.6% 14/9/2021	662	(3)	0.00
940,819	Barclays Bank Barclays WVMW Index 0% 9/9/2021	667	(19)	(0.01)
989,320	Barclays Bank Volatility Carry Strategy 0.6% 8/3/2021	709	(3)	0.00
5,139,279	BNP Paribas Cyber Security Basket 0.565% 23/4/2021	5,083	1,436	0.61
2,902	Citibank Global Brands Basket Index 0% 6/9/2021	5,899	668	0.28
3,498,622	Morgan Stanley International MS Intraday Momentum Strategy 0% 8/11/2021	2,475	(27)	(0.01)
3,219,124	Société Générale Small Caps Strong Balance 0.819% 13/12/2021	2,592	280	0.12
		20,375	2,204	0.93

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
Volatility Swaps – 0.00%; 29.2.2020 (0.19%)				
Portfolio of investments			207,430	87.69
Net other assets			29,122	12.31
Total net assets			236,552	100.00

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

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

The counterparties for the forward currency contracts are Barclays Bank Plc, Deutsche Bank AG, Royal Bank of Scotland Plc and UBS AG.

The total return swaps ("TRS") shown in the portfolio statement starting on page 25 are expressed at both their mark-to-market and original notional value, which when added together represent the current notional value of the TRS. The current notional value of a TRS represents the reference amount used to calculate payments between the counterparties to the TRS. The full notional value represents the economic interest in the security underlying the TRS, but does not change hands in full between the counterparties.

¹ Security fair valued by Manager at zero.

² Illiquid Security Fair Valued by the Manager.

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

^Ø All or a portion of this investment represents a security on loan, see note 2(b) vi) for further details.

[†] Managed by a related party.

Statement of Total Return

for the year ended 28 February 2021

	Notes	£000's	For the year to 28.2.2021 £000's	£000's	For the year to 29.2.2020 £000's
Income					
Net capital gains	3		32,174		11,024
Revenue	4	5,027		4,087	
Expenses	5	(2,944)		(2,924)	
Interest payable and similar charges	6	(135)		(442)	
Net revenue before taxation		1,948		721	
Taxation	7	(8)		(54)	
Net revenue after taxation			1,940		667
Total return before distributions			34,114		11,691
Distributions	8		(4,884)		(3,591)
Change in net assets attributable to unitholders from investment activities			29,230		8,100

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2021

	£000's	For the year to 28.2.2021 £000's	£000's	For the year to 29.2.2020 £000's
Opening net assets attributable to unitholders		178,405		175,845
Amounts receivable on issue of units	108,890		49,667	
Amounts payable on cancellation of units	(84,529)		(58,387)	
		24,361		(8,720)
Change in net assets attributable to unitholders from investment activities		29,230		8,100
Retained distribution on accumulation units		4,556		3,173
Unclaimed distributions over 6 years old		-		7
Closing net assets attributable to unitholders		236,552		178,405

Balance Sheet

at 28 February 2021

	Notes	28.2.2021 £000's	29.2.2020 £000's
Assets:			
Fixed assets			
– Investment assets		208,400	175,148
Current assets			
– Debtors	9	8,209	7,239
– Cash and bank balances	10	27,358	2,988
– Cash collateral posted		–	290
Total assets		243,967	185,665
Liabilities:			
Investment liabilities		(970)	(3,516)
Creditors			
– Amounts held at futures clearing houses and brokers		(1,491)	(317)
– Cash collateral payable		(2,640)	(70)
– Distributions payable		(194)	(136)
– Other creditors	11	(2,120)	(3,221)
Total liabilities		(7,415)	(7,260)
Net assets attributable to unitholders		236,552	178,405

G D Bamping (Director)

M T Zemek (Director)

BlackRock Fund Managers Limited

12 May 2021

Notes to Financial Statements

for the year ended 28 February 2021

1. Accounting and Distribution Policies

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 have been prepared on a going concern basis in accordance with UK GAAP and the SORP. The Fund is able to meet all of its liabilities from its assets. The performance, marketability and risks of the Fund are reviewed on a regular basis throughout the financial period. Therefore, the Directors of the Manager believe that the Fund will continue in operational existence for the foreseeable future and is 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 Fund.

- (b) Bank interest is recognised on an accruals basis.

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.

US REIT dividend revenue is accounted for partly as revenue and partly as capital, depending on the underlying REIT distribution. All REIT dividend revenue is recognised on an accruals basis.

Revenue from fixed interest securities is recognised on an effective interest rate basis.

Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund.

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 no later than the date on which the reporting fund makes this information available. The equalisation element is treated as capital.

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.

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

Returns from bond futures are streamed into revenue and capital components.

The Fund receives 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.

- (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.

Notes to Financial Statements continued

- (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. 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 Fund is 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 expenses, except those relating to the purchase and sale of investments are charged against revenue. All expenses are recognised on an accruals basis.
- (g) Provision for corporation tax is made at the current rate on the excess of taxable revenue over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is considered more likely than not that there will be taxable profits in the future against which the asset can be offset.
- (h) 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 period. 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.

For Over-the-Counter ("OTC") derivatives including Credit Default Swaps, Currency Swaps, Forward Currency Contracts, Inflation Swaps, Interest Rate Swaps, OTC Options, Swaptions, Synthetic Caps, Total Return Swaps and Volatility Swaps; fair value is determined based on valuation pricing models which take into account relevant market inputs as well as the time values, liquidity and volatility factors underlying the positions. The fair value of exchange traded and over the counter derivatives represents the price that would be required to close out the contracts at the Balance Sheet date. Amounts due to and from an individual counterparty which falls under a legally enforceable master netting agreement are netted.

Investments in dual priced CIS have been valued at market values, defined as fair value, which is usually the quoted price at close of business on the last business day of the accounting period.

- (i) 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 the end of the accounting period. Revenue items in foreign currencies are translated into Sterling at the exchange rate when the revenue is received.
- (j) Where appropriate, certain permitted financial instruments such as derivatives 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.

Notes to Financial Statements continued

Revenue from over the counter derivatives is received in the form of premiums received on written options. Such premiums are recognised as revenue on a straight line basis over the period of the contract, with the balance recognised as capital. If the contract is sold or closed out, the unamortised portion of the premium remains in capital.

- (k) Cash and bank balances consist of deposits held on call with banks and cash held with clearing brokers and counterparties.
- (l) Cash collateral provided by the Fund is identified on the Balance Sheet as pledged cash collateral and is not included as a component of cash and cash equivalents.

For collateral other than cash provided by the Fund, the party to whom the collateral is provided has the right by contract to sell or repledge the collateral but has an obligation to return equivalent securities to the Fund on maturity or sale of the contract. The Fund classifies these assets on its Balance Sheet separately from other assets and identifies the asset as pledged investments. Such assets are valued consistently with the accounting policies listed above.

Cash collateral provided to the Fund by counterparties is identified in the Balance Sheet as cash collateral payable. The Fund may reinvest this cash collateral and the assets purchased are included in investment assets or cash equivalents on the Balance Sheet.

For collateral received from counterparties other than cash, a disclosure of the collateral provided is made in the notes to the financial statements.

Distribution Policies

- (m) The ordinary element of stock dividends is treated as revenue and forms part of the distribution.
- (n) Special dividends and share buy backs recognised as revenue form part of the distribution.
- (o) Returns from bond futures recognised as revenue from long positions form part of the distribution. Amounts recognised as revenue from short positions reduce the amounts available for distribution.
- (p) All of the net revenue available for distribution at the final accounting period end will be distributed to unitholders as a dividend with the balance attributable to accumulation unitholders retained within the Fund. In order to conduct a controlled dividend flow to unitholders, interim distributions may be made at the Manager's discretion, up to a maximum of the distributable revenue available for the period. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.
- (q) All expenses are reimbursed by capital for distribution purposes.

2. Financial Instruments and Risks

The Fund's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. 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 Fund.

2. Financial Instruments and Risks continued

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 Fund is 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 Fund.

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 BlackRock 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 Fund. 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 principal risk exposure of the Fund is 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 Fund may suffer through holding market positions in the face of market movements. The Fund is exposed to market risk by virtue of its investments in corporate bonds, government bonds, credit default swaps, interest rate swaps, futures contracts, total return swaps and forward currency contracts.

A key metric the RQA Group uses to measure market risk is Value-at-Risk ("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 Fund 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 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 one day VaR as at 28 February 2021 and 29 February 2020 based on a 99% confidence level was 2.28% and 1.86% respectively.

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 Fund may invest in securities, which may be denominated in currencies other than its reporting currency.

The Fund may also invest in forward currency contracts and thus gain further exposure to foreign currency risk.

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.

ii) Market risk arising from other price risk

Exposure to other price risk

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

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

The Fund is exposed to other price risk arising from its investments. The exposure of the Fund to other price risk is the market value of the investments held as shown in the Portfolio Statement of the Fund.

Management of other price risk

The Investment Manager manages the Fund's other price risk on a daily basis in accordance with the Fund's investment objective.

By diversifying the portfolio, where this is appropriate and consistent with the Fund's objectives, the risk that a price change of a particular investment will have a material impact on the Net Asset Value ("NAV") of the Fund is minimised. The investment concentrations within the portfolio are disclosed in the portfolio statement by investment type.

Notes to Financial Statements continued

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.

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 Fund is exposed to interest rate risk on its cash and bank balances held at The Bank of New York Mellon (International) Limited, amounts held at futures clearing houses and brokers, cash equivalent holdings and its investments in fixed and floating rate interest bearing securities where the value of these securities may fluctuate as a result of a change in interest rates. Cash held on deposit at The Bank of New York Mellon (International) Limited receives/incurs interest at the prevailing daily rate which may be negative depending on the currency in which the cash is held.

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

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 Fund is 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 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. 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.

Notes to Financial Statements 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) Exchange Traded Financial Derivative Instruments

The Fund's holdings in futures contracts expose the Fund to counterparty credit risk.

Management of counterparty credit risk related to futures contracts

The exposure is limited by trading the contracts through a clearing house. The Fund's exposure to counterparty credit risk on contracts in which it currently has a gain position is reduced by such gains received in cash from the counterparty under the daily mark-to market mechanism on exchange traded futures contracts (variation margin). The Fund's exposure to credit risk on contracts in which it currently has a loss position is equal to the amount of margin posted to the counterparty which has not been transferred to the exchange under the daily mark-to-market mechanism. The counterparty for futures contracts is Goldman Sachs International.

Margin is paid or received on futures to cover any exposure by the counterparty or the Fund to each other. Margin receivable from the Fund's clearing brokers and various counterparties is included in "Cash and bank balances" on the Balance Sheet. Margin payable to the Fund's clearing brokers and various counterparties is included in "Amounts held at futures clearing houses and brokers" on the Balance Sheet.

Counterparty exposure has not been disclosed for exchange traded derivatives as the exchange requirements in respect of collateral mean that, in the opinion of the Manager, the counterparty risk is mitigated.

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

The Fund's holdings in OTC FDIs expose the Fund to counterparty credit risk.

Counterparty credit risk arises from the failure of the counterparty to perform according to the terms of the contract. The Fund's exposure to counterparty credit risk is limited to the contracts in which it currently has a gain position reduced by the cash collateral received from the counterparty or to counterparties which have received collateral from the Fund.

All OTC FDIs are entered into by the Fund 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 Fund and a counterparty that governs OTC FDIs (including total return swaps) entered into by the parties. The parties' exposures under the ISDA Master Agreement are netted and collateralised together, therefore any collateral disclosures provided are in respect of all OTC FDIs entered into by the Fund under the ISDA Master Agreement, not just total return swaps. All collateral received/posted by the Fund under the ISDA Master Agreement is transferred bilaterally under a title transfer arrangement.

Cash held as security by the counterparty to derivative contracts is subject to the credit risk of the counterparty.

The carrying value of financial assets together with cash best represents the Fund's gross maximum exposure to counterparty credit risk at the reporting date, before including the effect of ISDA Master Agreements and close-out netting, which would reduce the overall counterparty credit risk exposure.

Notes to Financial Statements continued

The Fund's 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 which monitors the creditworthiness of the counterparty. The counterparties for forward currency contracts are disclosed in the portfolio statement.

The lowest credit rating of any one counterparty as at 28 February 2021 was BBB+ (29 February 2020: AA-) (Standard & Poor's rating).

The following tables detail the number of counterparties the Fund is exposed to by OTC FDIs type and the maximum exposure (which is calculated on a net basis) to any one counterparty.

28 February 2021

Counterparty	Forwards £000's	Total Return Swaps £000's	Total Exposure £000's
Bank of America Merrill Lynch	–	(128)	(128)
Barclays Bank Plc	366	(25)	341
BNP Paribas Arbitrage SNC	–	1,436	1,436
Citigroup Global Markets Limited	–	668	668
Deutsche Bank AG	43	–	43
Morgan Stanley & Co. International Plc	–	(27)	(27)
Royal Bank of Scotland Plc	61	–	61
Société Générale SA	–	280	280
UBS AG	(3)	–	(3)

Notes to Financial Statements continued

29 February 2020

Counterparty	Credit Default Swaps £000's	Forwards £000's	Inflation Swaps £000's	Total Return Swaps £000's	Volatility Swaps £000's	Total Exposure £000's
Bank of America Merrill Lynch	–	72	–	–	–	72
Barclays Bank Plc	(161)	–	(46)	(201)	–	(408)
BNP Paribas Arbitrage SNC	–	(33)	–	(14)	–	(47)
Citigroup Global Markets Limited	–	–	–	(254)	(332)	(586)
Deutsche Bank AG	–	(44)	–	250	–	206
HSBC Bank Plc	–	26	–	(131)	–	(105)
J.P. Morgan Securities Plc	–	(37)	–	(294)	–	(331)
Morgan Stanley & Co. International Plc	–	(45)	–	–	–	(45)
Royal Bank of Scotland Plc	–	88	–	–	–	88
Société Générale SA	–	–	–	135	–	135

iii) Trustee and Custodian

The Fund's Trustee and Custodian is The Bank of New York Mellon (International) Limited (the "Trustee" and "Custodian").

Substantially all of the investments of the Fund are held by the Custodian at year end. Investments are segregated from the assets of the Custodian, with ownership rights remaining with the Fund. Bankruptcy or insolvency of the Custodian may cause the Fund's 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.

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

Management of counterparty credit risk related to the Trustee and Custodian

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

Notes to Financial Statements continued

The long term credit rating of the parent company of the Trustee and Custodian, The Bank of New York Mellon Corporation as at 28 February 2021 was AA- (29 February 2020: AA-) (Standard & Poor's rating).

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.

v) Debt securities

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

Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a higher credit risk have a greater possibility of default than more highly rated securities. The Fund invests into sovereign debt which exposes the Fund to the risk that the issuer of the bonds may default on interest or principal payments.

Management of counterparty credit risk related to debt securities

To manage this risk the Investment Manager invests in a wide range of securities, subject to the investment objective of the Fund and monitors the credit ratings of the investments as disclosed in the portfolio statement. The ratings of the debt securities are continually monitored by the BlackRock Portfolio Management Group.

28 February 2021

Investment grade	Non-investment grade	Not rated	Total
%	%	%	%
1.15	–	–	1.15

29 February 2020

Investment grade	Non-investment grade	Not rated	Total
%	%	%	%
1.09	–	–	1.09

vi) Securities lending

The Fund engages in security lending activities which expose the Fund to counterparty credit risk. The maximum exposure to the Fund is equal to the value of the securities loaned.

Securities lending transactions entered into by the Fund are subject to a written legal agreement between the Fund and the Stock Lending Agent, BlackRock Advisors (UK) Limited, a related party to the Fund, and separately between the Stock Lending Agent and the approved borrowing counterparty. Collateral received

Notes to Financial Statements continued

in exchange for securities lent is transferred under a title transfer arrangement and is delivered to and held in an account with a tri-party collateral manager in the name of the Trustee on behalf of the Fund. Collateral received is segregated from the assets belonging to the Fund's Trustee or the Stock Lending Agent.

The following table details the value of securities on loan (individually identified in the Portfolio Statement) and associated collateral received, analysed by borrowing counterparty as at the Balance Sheet date.

Counterparty	Counterparty's country of establishment	28 February 2021		29 February 2020	
		Securities on loan	Collateral received	Securities on loan	Collateral received
		£000's	£000's	£000's	£000's
Barclays Capital Securities Limited	UK	–	–	548	565
BNP Paribas Arbitrage SNC	France	–	–	107	117
Citigroup Global Markets Limited	UK	73	81	88	95
Credit Suisse Securities (Europe) Limited	UK	–	–	371	387
Deutsche Bank AG	Germany	266	297	1,369	1,498
Goldman Sachs International	UK	606	688	–	–
J.P. Morgan Securities Plc	UK	2,322	2,495	–	–
Morgan Stanley & Co. International Plc	UK	615	854	–	–
UBS AG	Switzerland	283	319	1,449	1,579
Total		4,165	4,734	3,932	4,241

At 28 February 2021, collateral received from these borrowing counterparties comprised of 29.97% in debt securities and 70.03% in equity securities (29 February 2020: 20.61% in debt securities and 79.39% in equity securities).

Collateral accepted is non-cash in the form of sovereign debt rated AA or better from approved governments only, supranational debt obligations rated AAA or better and equity securities listed on a recognised exchange.

Management of counterparty credit risk related to securities lending

To mitigate this risk, the Fund receives either cash or securities as collateral equal to a certain percentage in excess of the fair value of the securities loaned. The Investment Manager monitors the fair value of the securities loaned and additional collateral is obtained, if necessary. As at 28 February 2021 and 29 February 2020, all non-cash collateral received consists of securities admitted to or dealt on a recognised exchange.

The Fund also benefits from a borrower default indemnity provided by BlackRock Inc. The indemnity allows for full replacement of securities lent. BlackRock Inc. bears the cost of indemnification against borrower default.

vii) Collateral

The Fund engages in activities which may require collateral to be provided to a counterparty ("collateral posted") or may hold collateral received ("collateral received") from a counterparty.

Management of counterparty credit risk related to collateral

The Fund uses inbound collateral received from a counterparty to reduce the credit risk associated with any trading activity the Fund has engaged in.

Cash collateral posted by the Fund is separately identified on the Balance Sheet as cash collateral posted and is not included as a component of cash and cash equivalents. Cash collateral received by the Fund is reflected on the Balance Sheet as cash collateral payable.

As at 28 February 2021 collateral received by the Fund in respect of OTC FDIs was £2,640,000 in the form of cash. Collateral posted by the Fund in respect of OTC FDIs was £Nil.

As at 29 February 2020 collateral received by the Fund in respect of OTC FDIs was £70,000 in the form of cash. Collateral posted by the Fund in respect of OTC FDIs was £290,000 in the form of cash.

(c) Liquidity risk

Exposure to liquidity risk

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

Liquidity risk to the Fund arises from the redemption requests of unitholders and the liquidity of the underlying investments the Fund is invested in. The Fund's unitholders may redeem their units on the close of any daily dealing deadline for cash equal to a proportionate share of the Fund's NAV. The Fund is 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.

The Fund is also exposed to the liquidity risk of daily margin calls on derivatives.

All non-derivative financial liabilities including distributions payable held by the Fund as at 28 February 2021 and 29 February 2020, based on contractual maturities, fall due within one to three months, with the exception of corporation tax payable which falls due within nine to twelve months.

Management of liquidity risk

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

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 NAV. This will therefore allow the Manager to protect the interests of continuing unitholders by allowing the Manager to match the sale of scheme property to the level of redemptions. This should reduce the impact of dilution on the Fund. 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 the subsequent valuation points have been processed.

The Fund's 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 the Fund's cash obligations.

(d) Valuation of financial instruments

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

Level 1 – Unadjusted 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. The Fund does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs other than quoted prices in level 1

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.

Notes to Financial Statements continued

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

	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
28 February 2021				
Investment assets	150,386	58,014	– [#]	208,400
Investment liabilities	(790)	(180)	–	(970)
29 February 2020				
Investment assets	133,174	41,974	– [#]	175,148
Investment liabilities	(525)	(2,991)	–	(3,516)

[#] Includes illiquid securities fair valued at zero by the Manager. These securities are identified on the Fund's Portfolio Statement.

(e) Global exposure

The Manager is required by the COLL Sourcebook to employ a risk management process in respect of the Fund which enables it to accurately monitor and manage the global exposure from Financial Derivative Instruments ("FDIs").

The Manager uses the Relative VaR methodology to measure the Fund's global exposure. For Relative VaR, the VaR of the Fund's portfolio will not exceed twice the VaR of the reference portfolio. Utilisation refers to the level of risk taken in this context. The tables below detail the highest, lowest and average utilisation of the VaR limit, expressed as a percentage of the respective relative VaR regulatory limit.

The exposures to FDIs at year end are marked on the Portfolio Statement.

The tables below detail the highest, lowest and average utilisation of the VaR limit, expressed as a percentage of the respective relative VaR regulatory limit.

28 February 2021

Reference Portfolio	Highest utilisation of the VaR limit	Lowest utilisation of the VaR limit	Average utilisation of the VaR limit
30% FTSE All Share / 45% FTSE World Ex- UK / 25% Bofa ML 1-15 Yr Sterling Broad Market Index	60.14%	36.99%	50.43%

29 February 2020

Reference Portfolio	Highest utilisation of the VaR limit	Lowest utilisation of the VaR limit	Average utilisation of the VaR limit
30% FTSE All Share / 45% FTSE World Ex- UK / 25% Bofa ML 1-15 Yr Sterling Broad Market Index	56.79%	39.91%	51.06%

(f) Leverage

The use of derivatives may expose the Fund to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase a fund's volatility.

The leverage is calculated on a gross exposure basis, by taking the sum of the notional values of the derivatives used by the Fund, without netting, and is expressed as a percentage of the NAV.

The average level of leverage employed by the Fund during the year was 82.80% (29 February 2020: 78.36%).

3. Net Capital Gains

	For the year to 28.2.2021 £000's	For the year to 29.2.2020 £000's
The net capital gains comprise:		
Gains on non-derivative securities	18,654	11,612
Gains/(losses) on derivative securities	14,440	(687)
Currency (losses)/gains	(929)	77
Manager's charge rebates	17	23
Custodian transaction costs	(11)	(9)
US REIT dividends	3	8
Net capital gains	32,174	11,024

Notes to Financial Statements continued

4. Revenue

	For the year to 28.2.2021 £000's	For the year to 29.2.2020 £000's
Equity distributions on CIS holdings	141	115
Interest from UK bank deposits	2	50
Interest from UK fixed interest securities	24	1
Manager's charge rebates	633	603
Option premiums	1,562	207
Overseas dividends	1,917	1,826
Revenue from short-term money market funds	–	3
Securities lending revenue	39	15
Stock dividends	–	1
UK dividends	707	1,265
UK REIT dividends	2	–
US REIT dividends	–	1
Total revenue	5,027	4,087

5. Expenses

	For the year to 28.2.2021 £000's	For the year to 29.2.2020 £000's
Payable to the Manager or associates of the Manager:		
– Annual service charge	248	280
– Manager's charge	2,625	2,579
	2,873	2,859
Other expenses:		
– Audit fee	10	10
– Safe custody fees	27	27
– Trustee's fees	34	28
	71	65
Total expenses	2,944	2,924

6. Interest Payable and Similar Charges

	For the year to 28.2.2021 £000's	For the year to 29.2.2020 £000's
Interest on balances held held at futures clearing houses and brokers	1	–
Interest on bank overdrafts	21	8
Revenue from total return swaps	75	356
Returns from short position bond futures	38	78
Total interest payable and similar charges	135	442

7. Taxation

(a) Analysis of tax charge

	For the year to 28.2.2021 £000's	For the year to 29.2.2020 £000's
Overseas tax	8	54
Total tax charge [see note 7(b)]	8	54

(b) Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

	For the year to 28.2.2021 £000's	For the year to 29.2.2020 £000's
Net revenue before taxation	1,948	721
Corporation tax at 20% (29 February 2020: 20%)	390	144
Effects of:		
Capitalised income subject to tax	3	5
Movement in unrecognised excess management expenses	(39)	278
Overseas tax	8	54
Prior year adjustment to excess management expenses	5	–
Revenue not subject to tax	(359)	(427)
Total tax charge [see note 7(a)]	8	54

At 28 February 2021, the Fund had surplus management expenses of £2,808,000 (29 February 2020: £3,003,000.) It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, a deferred tax asset of £562,000 (29 February 2020: £601,000) has not been recognised.

Notes to Financial Statements continued

8. Distributions

	For the year to 28.2.2021 £000's	For the year to 29.2.2020 £000's
Interim distribution	2,691	1,902
Final distribution	2,296	1,638
	4,987	3,540
Add: Amounts deducted on cancellation of units	283	253
Less: Amounts received on issue of units	(386)	(202)
Distributions	4,884	3,591
The distributable amount has been calculated as follows:		
Net revenue after taxation	1,940	667
Add: Management expenses reimbursed by capital	2,625	2,924
Add: Other expenses reimbursed by capital	319	-
Distributions	4,884	3,591

Details of the interim and final distributions per unit are set out in the tables on page 12.

9. Debtors

	28.2.2021 £000's	29.2.2020 £000's
Accrued Manager's charge rebates	248	179
Accrued revenue	97	190
Amounts receivable for issue of units	521	170
Overseas tax recoverable	3	3
Sales awaiting settlement	7,340	6,697
Total debtors	8,209	7,239

10. Cash and Bank Balances

	28.2.2021 £000's	29.2.2020 £000's
Amount held at futures clearing houses and brokers	3,088	1,415
Cash and bank balances	24,271	1,573
Total cash and bank balances	27,359	2,988

Notes to Financial Statements continued

11. Other Creditors

	28.2.2021 £000's	29.2.2020 £000's
Accrued Annual service charge	53	117
Accrued Audit fee	9	9
Accrued Manager's charge	927	469
Accrued Safe custody fees	8	4
Accrued Trustee's fee	13	3
Amounts payable for cancellation of units	246	289
Amounts payable with respect to total return swaps	–	101
Custodian transaction costs	3	2
Purchases awaiting settlement	861	2,227
Total other creditors	2,120	3,221

12. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (29 February 2020: £Nil).

13. 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 28 February 2021:

Manager/Registrar:	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, Registrar, Investment Manager and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. During the year to 28 February 2021, PNC Financial Services Group Inc. ("PNC") was a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 28 February 2021 and 29 February 2020. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock.

The Manager acts as either principal or agent for the Trustee 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.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

Notes to Financial Statements continued

13. Related Parties continued

The Fund may invest in other Collective Investment Schemes (“CIS”), which may or may not be operated and/or managed by an affiliate of the Manager. As an investor in such other CIS, in addition to the fees, costs and expenses payable by a unitholder in the Fund, each unitholder may also indirectly bear a portion of the fees, costs and expenses of the underlying CIS, including management, investment management and administration and other expenses. However, in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, the Fund will invest, where possible, in classes of the underlying funds which are not subject to any management charges. Alternatively, where this is not possible, the Manager will rebate management charges to the Fund. The Fund will not be subject to any preliminary/initial sales fee in respect of investments made in any other investment fund whose manager is an affiliate of the Manager, although it may be subject to duties and charges in respect of subscriptions and redemptions in such investment funds.

As at 28 February 2021 and 29 February 2020, none of the unitholders:

- (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.

14. Portfolio Transaction Costs

For the year ended 28 February 2021

Purchases (excluding derivatives)	Direct Transaction Costs					
	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%	
Equity instruments	23,157	6	0.03	27	0.12	
Collective investment schemes	57,094	5	0.01	–	–	
Total purchases	80,251	11		27		
Total purchases including transaction costs	80,289					

Sales (excluding derivatives)	Direct Transaction Costs					
	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%	
Equity instruments	18,514	5	0.03	–	–	
Collective investment schemes	51,777	4	0.01	–	–	
Total sales	70,291	9		–		
Total sales net of transaction costs	70,282					

Derivative transaction costs	32	–
Total transaction costs	52	27
Total transaction costs as a % of average net assets	0.03%	0.01%

Notes to Financial Statements continued

14. Portfolio Transaction Costs continued

For the year ended 29 February 2020

Purchases (excluding derivatives)	Direct Transaction Costs				
	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
Equity instruments	14,962	4	0.03	18	0.12
Debt instruments	1,808	–	–	–	–
Collective investment schemes	54,684	–	–	–	–
Total purchases	71,454	4		18	
Total purchases including transaction costs	71,476				

Sales (excluding derivatives)	Direct Transaction Costs				
	Transaction Value £000's	Commissions £000's	%	Taxes £000's	%
Equity instruments	14,036	4	0.03	–	–
Debt instruments	1,697	–	–	–	–
Collective investment schemes	58,951	–	–	–	–
Total sales	74,684	4		–	
Total sales net of transaction costs	74,680				
Derivative transaction costs		11		–	
Total transaction costs		19		18	
Total transaction costs as a % of average net assets		0.01%		0.01%	

The above analysis covers direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

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

Separately identifiable direct transaction costs (such as commissions and taxes) are attributable to the Fund's purchase and sale of equity instruments. Additionally, for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be incurred on purchase and sale transactions.

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. 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 and do not form part of the analysis above.

Notes to Financial Statements continued

14. Portfolio Transaction Costs continued

During the year the Fund utilised FDIs including total return swaps, futures and options covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above.

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

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.36% (29 February 2020: 0.51%).

15. Units in Issue

The movement in units in issue for the year ended 28 February 2021 is as follows:

	A Income Units	A Accumulation Units	D Income Units	D Accumulation Units
Balance at the beginning of the year	3,337,752	37,683,762	4,665,722	7,261,092
Issued during the year	2,524,537	9,888,729	6,423,505	11,762,376
Cancelled during the year	(4,994,555)	(11,351,319)	(2,585,385)	(5,673,061)
Converted during the year	(120,960)	(211,617)	128,587	183,164
Balance at the end of the year	746,774	36,009,555	8,632,429	13,533,571

	S Income Units	S Accumulation Units
Balance at the beginning of the year	1,565,072	5,009,785
Issued during the year	329,820	7,343,260
Cancelled during the year	(189,997)	(5,420,738)
Converted during the year	–	33,173
Balance at the end of the year	1,704,895	6,965,480

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

16. Post Balance Sheet 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 28 February 2021.

Statement of Manager's Responsibilities

The Manager is required by the rules of the COLL Sourcebook 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 Fund at the year end and of the net revenue and net gains for the year.

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 Trust 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 COLL Sourcebook, the SORP and the Trust Deed.

Statement of the Trustee's Responsibilities in Respect of the Fund and Report of the Trustee to the Unitholders of the Fund for the Year Ended 28 February 2021

The Depository in its capacity as Trustee of the Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Trustee is responsible for the safekeeping of all the custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund 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 Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Fund, acting through the AFM:

- (a) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents of the Fund; and
- (b) has observed the investment and borrowing powers and restrictions applicable to the Fund in accordance with the Regulations and the Scheme documents of the Fund.

The Bank of New York Mellon
(International) Limited

London
12 May 2021

Independent Auditor's Report to the Unitholders of BlackRock Balanced Growth Portfolio Fund

Opinion

We have audited the financial statements of BlackRock Balanced Growth Portfolio Fund ("the Fund") for the year ended 28 February 2021, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes, the Distribution Tables, and the accounting and distribution policies of the Fund set out on pages 29 to 31, 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 including 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 Fund as at 28 February 2021 and of the net revenue and the net capital gains on the scheme property of the Fund 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 Fund 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 ("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.

Conclusions relating to going concern

In auditing the financial statements, 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 Fund's ability to continue as a going concern for a period of 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 Fund'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 auditor's report thereon. The Manager is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 Financial Conduct Authority and the Instrument of Incorporation; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, 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 51, 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 Fund'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 Fund 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 Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Investment Management Association Statement of Recommended practice (the “IMA SORP”), the FCA Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund’s administrator. We corroborated our enquiries through our inspection of Board minutes and a review of the Fund’s documented policies and procedures.
- We assessed the susceptibility of the Fund’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. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. Our procedures involved journal entry testing by specific risk criteria, with a focus on manual top side financial statement adjustments and journals indicating large or unusual transactions based on our understanding of the business. We tested the appropriateness of management’s classification of material special dividends as either a capital or revenue return. We incorporated unpredictability into the nature, timing and extent of our testing.
- 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 by 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 Fund.
- Due to the regulated nature of the Fund, 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.



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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 Fund's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Fund'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 Fund and the Fund'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
13 May 2021

Supplementary Information

Efficient Portfolio Management Techniques

The Manager may, on behalf of the Fund and subject to the conditions and within the limits laid down by the FCA and the Prospectus, employ techniques and instruments relating to transferable securities, including investments in OTC FDIs provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange risk or for direct investment purposes, where applicable.

In addition to the investments in OTC FDIs, the Fund may employ other techniques and instruments relating to transferable securities and money market instruments, subject to the conditions set out in the Fund's Prospectus, as amended from time to time, and the relevant ESMA Guidelines, such as repurchase/reverse repurchase transactions ("repo transactions") and securities lending.

Securities Lending and Total Return Swaps (TRS)

The following table details the value of securities on loan as a proportion of the Fund's total lendable assets and NAV and the value of TRS as a proportion of the Fund's NAV, as at 28 February 2021 and the returns earned for the year ended 28 February 2021. Total lendable assets represents the aggregate value of assets forming part of the Fund's securities lending programme. This excludes any assets held by the Fund that are not considered lendable due to any market, regulatory, investment or other restriction. The value of TRS is based on the underlying exposure value on a gross absolute basis as disclosed in the Fund's Portfolio Statement.

Securities on loan		TRS	
% of lendable assets	% of NAV	% of NAV	Returns earned £000's
3.10	1.76	8.61	(75)

The total income earned from securities lending transactions is split between the relevant Fund and the Stock Lending Agent. The Fund receives 62.5% while the Stock Lending Agent receives 37.5% of such income, with all operational costs borne out of the Stock Lending Agent's share. Income earned during the year by the Fund from securities lending transactions is disclosed in the notes to the financial statements.

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

The following tables detail the underlying exposure value on a gross absolute basis for TRS, analysed by counterparty as at 28 February 2021.

Counterparty	Counterparty's country of establishment	TRS	
		Underlying exposure	£000's
Barclays Bank plc	UK		2,038
BNP Paribas	France		5,083
Citigroup Global Markets Limited	UK		5,899
Merrill Lynch International	UK		2,288
Morgan Stanley & Co. International Plc	UK		2,475
Societe Generale	France		2,592
Total			20,375

The value of securities on loan and associated collateral analysed by counterparty, as at 28 February 2021, is disclosed in the notes to the financial statements.

Supplementary Information continued

The following table provides an analysis of the maturity tenor of TRS as at 28 February 2021.

	Maturity Tenor					Total £000's
	1 - 30 days	31 - 90 days	91 - 365 days	More than 365 days	Open transactions	
	£000's	£000's	£000's	£000's	£000's	
TRS	709	5,083	14,583	–	–	20,375

The above maturity tenor analysis has been based on the respective transaction contractual maturity date. All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

Collateral

The Fund engages in activities which may require collateral to be provided to a counterparty (“collateral posted”) or may hold collateral received (“collateral received”) from a counterparty.

The following table provides an analysis by currency of the underlying cash and non-cash collateral received/posted by way of title transfer collateral arrangement by the Fund, in respect of securities lending transactions and OTC FDIs (including TRS), as at 28 February 2021.

Currency	Cash collateral received	Cash collateral posted	Non-cash collateral received	Non-cash collateral posted
	£000's	£000's	£000's	£000's
Securities lending transactions				
AUD	–	–	4	–
CAD	–	–	2	–
CHF	–	–	135	–
CNY	–	–	672	–
DKK	–	–	24	–
EUR	–	–	1,083	–
GBP	–	–	271	–
HKD	–	–	71	–
JPY	–	–	1,277	–
SEK	–	–	3	–
SGD	–	–	3	–
USD	–	–	1,189	–
Total	–	–	4,734	–
OTC FDIs				
GBP	2,640	–	–	–
Total	2,640	–	–	–
Total	2,640	–	4,734	–

Supplementary Information continued

As at 28 February 2021, all cash collateral received in respect of OTC derivative transactions by the Fund was re-invested in money market funds managed by the Manager or its affiliates, as disclosed in the Fund's portfolio statement. All cash received as collateral has an open maturity tenor as it's not subject to a contractual maturity date.

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions and OTC FDIs cannot be sold, re-invested or pledged.

The returns earned by the Fund from the reinvestment of cash collateral in money market funds during the year ended 28 February 2021 is summarised below. These returns represent the accumulative total return of the representative money market fund for the year ended 28 February 2021. These returns do not take into account any interest payable to the counterparty under the relevant collateral arrangements.

Money market fund	Total return %
Institutional Cash Series plc	
BlackRock ICS Sterling Liquidity Fund – Agency Income class	0.03

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received/posted by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions and OTC FDIs (including TRS), as at 28 February 2021.

Collateral type and quality	Maturity Tenor					Open transactions	Total
	1 - 7 days	8 - 30 days	31 - 90 days	91 - 365 days	More than 365 days		
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Collateral received - securities lending							
Fixed income							
Investment grade	–	–	36	1	1,382	–	1,419
Equities							
Recognised equity index	–	–	–	–	–	3,164	3,164
ETFs							
Non-UCITS	–	–	–	–	–	151	151
Total	–	–	36	1	1,382	3,315	4,734

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency; Standard & Poor's, Moody's or Fitch.

A recognised equity index contains at least 20 equities where no single equity represents more than 20% of the total index and no five equities combined represent more than 60% of the total index.

The maturity tenor analysis for fixed income securities received as collateral is based on the respective contractual maturity date, while for equity securities and ETFs received as collateral are presented as open transactions as they are not subject to a contractual maturity date.

Supplementary Information continued

As at 28 February 2021, all non-cash collateral received by the Fund in respect of securities lending transactions and OTC FDI (including TRS) is held by the Fund's Trustee (or through its delegates).

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions and OTC FDIs as at 28 February 2021.

Issuer	Value £000's	% of the Fund's NAV
J.P. Morgan Securities Plc	2,495	1.05
Morgan Stanley & Co. International Plc	854	0.36
Goldman Sachs International	688	0.29
UBS AG	319	0.14
Deutsche Bank AG	297	0.13
Citigroup Global Markets Limited	81	0.03
Total	4,734	2.00

No securities collateral received from a single issuer, in relation to efficient portfolio management and OTC FDIs, has exceeded 20% of the Fund's NAV at the year end date.

The Fund has not been fully collateralised in securities issued or guaranteed by an EU member state at the year end date.

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 March 2021, the firm manages £6.34 trillion across asset classes in separate accounts, mutual funds, other pooled investment vehicles, and the industry-leading iShares® exchange-traded funds.

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