BlackRock®

Annual report and audited financial statements

BlackRock Balanced Growth Portfolio Fund

For the financial year ended 28 February 2023

Contents

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*
S Corrigall (Resigned 2 May 2023)
W I Cullen*
D Edgar
B Harrison (Resigned 19 August 2022)
K Henry (Appointed 3 March 2023)
A M Lawrence
H N Mepham
M T Zemek*

Trustee & Custodian
The Bank of New York Mellon (International) Limited
160 Queen Victoria Street, London EC4V 4LA

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 requires UK fund managers to complete an annual assessment of whether their UK authorised funds provide value for investors. BlackRock's assessment considers fund and unit class-level performance, costs and charges, and service quality, concluding with an evaluation of whether investors receive value. BlackRock has fulfilled its obligations for the reporting requirement, including assessing relevant charges, and published the annual assessment of value statements on the BlackRock website on 31 October 2022 in a composite report for all funds managed by BlackRock Fund Managers Limited subject to these requirements.

Fund Managers

As at 28 February 2023, the Fund Managers of the Fund are Adam Ryan, Jason Byrom and Conan McKenzie.

Significant Events

Changes in the Directors of the Manager

B Harrison resigned as a Director effective 19 August 2022.

Outbreak of COVID-19

The impact of the coronavirus outbreak was profound across all aspects of society. In developed economies it is clear that the worst of the impact is now over. However there is an expectation that seasonal peaks and new variants could give rise to renewed travel restrictions, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery and supply chain disruptions which will create ongoing challenges. Widescale and comprehensive vaccination programmes have been put in place in many countries which have had a positive effect. Nevertheless, the impact of COVID-19 continues to adversely affect the economies of many nations across the globe and this in turn may continue to impact investments held by the Fund.

Russian Invasion of Ukraine

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

Subsequent Events

Changes in the Directors of the Manager

K Henry was appointed as a director effective 3 March 2023. S Corrigall resigned as a director effective 2 May 2023.

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 2023.

Risk and Reward Profile

Unit Class	Lower risk Typically lower rewards						Higher risk Typically higher rewards
A Income	1	2	3	4	**5**	6	7
A Accumulation	1	2	3	4	**5**	6	7
D Income	1	2	3	4	**5**	6	7
D Accumulation	1	2	3	4	**5**	6	7
S Income	1	2	3	4	**5**	6	7
S Accumulation	1	2	3	4	**5**	6	7

- The risk indicator was calculated incorporating simulated historical data and may not be a reliable indication of the future risk profile of the Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest category does not mean risk free.
- The use of derivatives will impact the value of the Fund and may expose the Fund to a higher degree of risk. Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains, resulting in greater fluctuations in the value of the Fund. The impact to the Fund can be greater where derivatives are used in an extensive or complex way.

For more information on this, please see the Fund's Key Investor Information Documents ("KIIDs"), which are available at **www.blackrock.com**.

Investment Manager's Report
for the year ended 28 February 2023

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 2023.

	Fund return %	Comparator benchmark %
Class D Accumulation Units	(0.67)	(0.99)

Further information on the performance measures and calculation methodologies used is detailed below:

- Fund returns disclosed, 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 returns are based on the NAV per unit as at close of business for reporting purposes only, for the purpose of fair comparison and presentation with the comparator benchmark close of business valuation point.
- Due to the Financial Reporting Standard 102 ("FRS 102") and the Statement of Recommended Practice for Authorised Funds (the "SORP") requirements which apply to the financial statements, including the accounting policy for the valuation point at 12 noon, there may be differences between the NAV per unit as recorded in the financial statements and the NAV per unit calculated in accordance with the prospectus.

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

Global Economic Overview
Global equities, as represented by the MSCI All Country World Index ("ACWI"), returned (8.26%) (in US dollar terms) for the twelve months ended 28 February 2023. However, as the pound sterling declined sharply against other influential currencies, the ACWI returned 1.67% (in GBP terms) for the twelve months ended 28 February 2023. Amid concerns about a global economic downturn, both bonds and equities were pressured by persistently high inflation (rate of increase in the prices of goods and services) and rapid monetary policy tightening from the world's largest central banks. The continued impact of Russia's invasion of Ukraine and the resulting disruptions to normal trade patterns contributed to significant volatility (market ups and downs) in some commodity prices.

Driven by a widening trade deficit and lower business investment, US gross domestic product (GDP) contracted in the first half of the twelve month period, raising recession concerns among investors. However, the US economy returned to growth in the third and fourth quarters as both consumer and government spending grew. The US job market showed continued strength and unemployment declined to the lowest level in over 50 years. In Japan, the economy slowed, constrained by weak levels of private consumption and business investment. The UK economy faltered amid weakness in the services and manufacturing sectors. Growth also slowed in the Eurozone as consumer demand was tempered by high inflation and increased borrowing costs.

Most emerging market economies continued to expand, although fluctuating commodity prices and the stronger US dollar presented significant economic challenges. The Chinese economy continued to grow at a slow pace relative to the country's historical growth rate, but a relaxation of strict COVID-19 protocols late in the twelve month period drove investor optimism for an economic rebound. The Indian economy slowed in the second half of 2022, on an annual basis, as private spending and investment growth stalled.

As the effects of restrictions related to the COVID-19 pandemic continued to fade while inflation rose, the world's largest central banks began to implement various measures aimed at monetary policy tightening. The US Federal Reserve ("the Fed") raised interest rates eight times during the year in an effort to control inflation, including four consecutive 75 basis point increases before slowing the pace of its interest rate increases towards the end of the twelve month period. The Fed also ended its bond buying programmes and began reducing some of its accumulated bond holdings in June 2022.

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

Global equity performance was negative during the twelve month period, as investors assessed the impact of rapidly changing economic and credit conditions. Inflation pressures amid strong labour markets and tighter monetary policy from many central banks pressured equities, leading to steep declines, particularly in the first half of the period. Globally, bonds and equities that factor in companies' environmental, social and governance ("ESG") characteristics continued to attract investment flows, although the pace of investment slowed significantly in 2022. New bonds for ESG-related projects declined in 2022 relative to 2021, as higher interest rates weighed on issuance. Nevertheless, inflows into ESG-related stocks and bonds rebounded in early 2023.

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

Global corporate bond returns were negative overall, as yields rose substantially. Amid growing inflation concerns, most of the largest central banks raised interest rates, reducing the value of existing bonds. Elevated borrowing costs weighed on issuers of corporate bonds, as investors became more concerned about the impact of changing economic conditions.

Equities in emerging markets posted a substantial decline as the US dollar strengthened and interest rates rose. Central banks in several emerging markets, such as India, Brazil, and Mexico, raised interest rates multiple times in response to heightened inflation concerns. Emerging market bond prices declined notably amid continued monetary tightening from the Fed, which drove higher borrowing costs in emerging markets.

The commodities markets were volatile, with prices rising sharply in the aftermath of the Russian invasion of Ukraine before moderating on growth concerns. Brent crude oil prices rose sharply earlier in the twelve month period before falling again to end the period lower, and natural gas prices in the Eurozone fluctuated significantly as countries sought alternate gas suppliers. Gold prices were down slightly, as high interest rates made non-interest-bearing investments relatively less attractive.

On the foreign exchange markets, the US dollar rose against most other global currencies, driven primarily by the Fed's tightening of monetary policy. The Japanese yen, pound sterling, the Chinese yuan, and the euro all fell versus the US dollar as higher US bond yields prompted increased demand for US investments from overseas investors.

Fund Performance Review and Activity

Over the financial year to 28 February 2023, the Fund's return was (0.67%),outperforming its comparator benchmark, which returned (0.99%).

The period has been extremely challenging from an investment perspective, with global equities and global bond markets delivering sharply negative returns as high inflation, driven by higher energy and food prices, led to central banks raising rates further and faster than expected. Against this backdrop, the Fund's Developed Market Equity and Non-Government Bond exposures were the key detractors from return over the period. Exposure to Emerging Market Equities, Government Bonds, and Commodities also detracted, albeit to a lesser extent. The allocation to Alternatives and Volatility Strategies contributed positively, though the key contributor was Cash & FX as the pound sterling weakened over the period versus the US dollar.

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

Largest Contributors		Largest Detractors	
Stock	**Effect on Fund return**	**Stock**	**Effect on Fund return**
BlackRock Segregated UK Equity Portfolio	1.69%	BlackRock UK Smaller Companies Fund	(1.18%)
FTSE 250 Equity Futures	0.55%	S&P 500 Futures	(0.92%)
BlackRock Continental European Fund	0.49%	US Enterprise Tech Equity Basket	(0.80%)
Low Carbon Transition Energy Basket	0.30%	Euro Stoxx 50 Futures	(0.68%)
BGF US Flexible Equity Fund	0.25%	iShares MSCI USA SRI UCITS ETF	(0.57%)

Investment Manager’s Report continued

Contributing positively to returns was the allocation to the BlackRock Segregated UK Equity portfolio as UK large-cap equities were among the top performing assets over the past 12 months. This was predominantly due to the weakness of sterling, given that most of these companies generate revenue overseas. This was evident as the more domestically focused BlackRock UK Smaller Companies Fund was the key detractor over the period, though this was partially hedged with FTSE 250 Equity Futures. Interest rate sensitive areas of the market, most notably high-growth equities, underperformed over the period which impacted the performance of the US Enterprise Tech Equity basket, and to a lesser extent the iShares MSCI USA SRI UCITS ETF. The Low Carbon Transition Energy Equity basket contributed positively as a result of lower energy prices feeding through to lower inflation, as well as the potential for a pick-up in demand from China as a result of reopening towards the end of the period.

The following table details the significant portfolio weightings at 28 February 2023 and 28 February 2022:

28 February 2023		28 February 2022	
Asset Class	**Gross Exposure**	**Asset Class**	**Gross Exposure**
Equities	72.70%	Equities	68.60%
Fixed Income	14.14%	Cash & FX	12.60%
Alternatives	5.88%	Fixed Income	11.56%
Cash & FX	3.33%	Volatility & Carry Strategies	4.35%
Volatility & Carry Strategies	2.00%	Alternatives	2.91%

Having reduced the allocation to equities significantly towards the start of the period, the Fund held a more defensive positioning through the summer as markets sold off. Towards the end of the period, the Manager tactically added back to equity exposure as markets rallied at the prospect of a more benign outlook for monetary policy as headline inflation started to fall. The Manager also allocated to diversifying assets including Commodities and Alternatives. In particular, added to Gold to hedge against unexpected increases in inflation, and within alternatives to renewable energy generation and battery storage.

The trade-off faced by central banks of taming inflation by hiking interest rates or preserving growth is likely to be a principal focus for markets. The Manger has seen sentiment shift from expectations for an earlier move to lower rates to a realisation that higher rates are likely in the short term and acceptance that a more benign path for rates is some way away. There have been short, rapid rebounds in markets, followed by a subsequent decline in the first two months of the year and we anticipate this volatility will prevail in the near term. It underpins the need to adopt a truly dynamic and diversified approach to managing portfolios. Striking a balance between providing protection in periods of drawdown and capturing upside as opportunities to generate returns arise remains key.

Performance Record

Comparative Table

	A Income Units			A Accumulation Units		
	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021
	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	184.8	179.2	155.6	427.6	407.9	346.1
Return before operating charges	2.22	11.89	30.65	5.25	26.67	68.12
Operating charges	(2.88)	(3.04)	(2.84)	(6.71)	(6.94)	(6.36)
Return after operating charges	(0.66)	8.85	27.81	(1.46)	19.73	61.76
Distributions	(4.59)	(3.27)	(4.18)	(10.68)	(7.45)	(9.07)
Retained distributions on accumulation units	N/A	N/A	N/A	10.68	7.45	9.07
Closing net asset value per unit	179.6	184.8	179.2	426.1	427.6	407.9
After direct transaction costs of	(0.12)	(0.12)	(0.06)	(0.27)	(0.26)	(0.14)
Performance						
Return after charges[1]	(0.36)%	4.94%	17.87%	(0.34)%	4.84%	17.84%
Other information						
Closing net asset value (£000's)	839	1,254	1,338	173,326	162,672	146,867
Closing number of units	466,976	678,423	746,774	40,673,178	38,040,586	36,009,555
Operating charges[2]	1.59%	1.57%	1.69%	1.59%	1.57%	1.69%
Direct transaction costs[3]	0.06%	0.06%	0.04%	0.06%	0.06%	0.04%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	202.1	213.9	197.1	467.6	490.2	444.1
Lowest bid unit price	172.2	180.3	135.6	399.8	410.0	301.4

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on close of business prices.

[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 15 for further details.

Comparative Table continued

	D Income Units			D Accumulation Units		
	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021
	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	196.1	188.8	162.7	452.5	428.3	361.2
Return before operating charges	2.40	12.43	31.74	5.54	27.99	70.85
Operating charges	(1.62)	(1.68)	(1.66)	(3.76)	(3.82)	(3.71)
Return after operating charges	0.78	10.75	30.08	1.78	24.17	67.14
Distributions	(4.89)	(3.44)	(4.00)	(11.34)	(7.82)	(8.96)
Retained distributions on accumulation units	N/A	N/A	N/A	11.34	7.82	8.96
Closing net asset value per unit	192.0	196.1	188.8	454.3	452.5	428.3
After direct transaction costs of	(0.12)	(0.12)	(0.07)	(0.28)	(0.28)	(0.15)
Performance						
Return after charges[1]	0.40%	5.70%	18.49%	0.39%	5.64%	18.59%
Other information						
Closing net asset value (£000's)	17,113	17,713	16,297	83,050	81,143	57,970
Closing number of units	8,913,464	9,032,168	8,632,429	18,281,794	17,933,227	13,533,571
Operating charges[2]	0.84%	0.82%	0.94%	0.84%	0.82%	0.94%
Direct transaction costs[3]	0.06%	0.06%	0.04%	0.06%	0.06%	0.04%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	204.4	215.9	197.6	471.6	493.5	444.1
Lowest bid unit price	183.6	190.0	141.8	424.0	430.6	314.7

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on close of business prices.

[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 15 for further details.

Comparative Table continued

	S Income Units			S Accumulation Units		
	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 28.2.2023	For the year to 28.2.2022	For the year to 28.2.2021
	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	148.8	143.1	123.2	176.7	167.1	140.9
Return before operating charges	1.74	9.36	24.02	2.06	10.94	27.55
Operating charges	(1.11)	(1.15)	(1.15)	(1.33)	(1.35)	(1.32)
Return after operating charges	0.63	8.21	22.87	0.73	9.59	26.23
Distributions	(3.66)	(2.53)	(3.02)	(4.33)	(3.03)	(3.46)
Retained distributions on accumulation units	N/A	N/A	N/A	4.33	3.03	3.46
Closing net asset value per unit	145.8	148.8	143.1	177.4	176.7	167.1
After direct transaction costs of	(0.09)	(0.09)	(0.05)	(0.11)	(0.11)	(0.06)
Performance						
Return after charges[1]	0.42%	5.74%	18.56%	0.41%	5.74%	18.62%
Other information						
Closing net asset value (£000's)	2,588	3,341	2,439	18,785	19,131	11,641
Closing number of units	1,775,308	2,245,661	1,704,895	10,587,226	10,827,551	6,965,480
Operating charges[2]	0.76%	0.74%	0.86%	0.76%	0.74%	0.86%
Direct transaction costs[3]	0.06%	0.06%	0.04%	0.06%	0.06%	0.04%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	162.8	172.0	157.2	193.4	202.3	181.9
Lowest bid unit price	139.4	143.9	107.3	165.6	168.0	122.9

[1] The return after charges figures are based on the net asset value reported for financial statements purposes prepared under UK GAAP and SORP requirements and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on close of business prices.

[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 15 for further details.

Distribution Tables

for the year ended 28 February 2023

Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2022

Group 2 – Units purchased 1 September 2022 to 28 February 2023

	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)	2.4826	1.5791	5.8169	2.9030	2.6566	1.3253	6.1970	3.4163
Equalisation†	–	0.9035	–	2.9139	–	1.3313	–	2.7807
Distribution paid 30.4.2023	**2.4826**	**2.4826**	**5.8169**	**5.8169**	**2.6566**	**2.6566**	**6.1970**	**6.1970**
Distribution paid 30.4.2022	**1.7623**	**1.7623**	**4.0358**	**4.0358**	**1.8665**	**1.8665**	**4.2613**	**4.2613**

	S Income Units		S Accumulation Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	1.9651	1.3163	2.3583	1.3268
Equalisation†	–	0.6488	–	1.0315
Distribution paid 30.4.2023	**1.9651**	**1.9651**	**2.3583**	**2.3583**
Distribution paid 30.4.2022	**1.4151**	**1.4151**	**1.6633**	**1.6633**

Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2022

Group 2 – Units purchased 1 March 2022 to 31 August 2022

	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)	2.1048	0.7737	4.8626	2.3943	2.2321	1.1920	5.1466	2.7629
Equalisation†	–	1.3311	–	2.4683	–	1.0401	–	2.3837
Distribution paid 31.10.2022	**2.1048**	**2.1048**	**4.8626**	**4.8626**	**2.2321**	**2.2321**	**5.1466**	**5.1466**
Distribution paid 31.10.2021	**1.5027**	**1.5027**	**3.4166**	**3.4166**	**1.5774**	**1.5774**	**3.5570**	**3.5570**

	S Income Units		S Accumulation Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	1.6910	1.0706	1.9742	1.0295
Equalisation†	–	0.6204	–	0.9447
Distribution paid 31.10.2022	**1.6910**	**1.6910**	**1.9742**	**1.9742**
Distribution paid 31.10.2021	**1.1192**	**1.1192**	**1.3628**	**1.3628**

† 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 "ManCo"). The disclosures are made in accordance with the provisions in the UK implementation of 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 Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2018, the Financial Conduct Authority ("FCA") 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 UCITS funds in accordance with the Directive, and will ensure compliance with the requirements of Article 14b of the Directive and to UK entities within the BlackRock group authorised as a manager of a UK UCITS fund in accordance with UCITS as implemented, retained and onshored in the UK.

The ManCo 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 ManCo's board of directors (the "ManCo's Board"). These bodies are responsible for the determination of BlackRock's remuneration policies which includes reviewing the remuneration policy on a regular basis and being responsible for its implementation.

The implementation of the remuneration policy is annually subject to central and independent review for compliance with policies and procedures for remuneration adopted by the MDCC and by the ManCo's Board. The most recent review found no fundamental issues. The remuneration disclosure is produced and owned by MDCC and the Manager's Board.

No material changes were made to the remuneration policy in 2022.

(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.

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 7 meetings during 2022. 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 ManCo's Board

The ManCo's Board has the task of supervising and providing oversight of the UCITS Remuneration Policy as it applies to the ManCo 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 pre-incentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

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

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

Individuals are not involved in setting their own remuneration.

Control functions

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

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;
- promote sound and effective risk management across all risk categories, including sustainability risk;
- discourage excessive risk-taking (sustainability related or otherwise); and
- ensure that client interests are not negatively impacted by remuneration awarded on a short-term, mid-term and/or long-term basis.

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

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

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

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

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

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

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.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the "BlackRock Performance Incentive Plan" ("BPIP"). Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin[1] and Organic Revenue Growth[2]. 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 ManCo, 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 ManCo 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 ManCo is required under the Directive 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.

[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).

Disclosures are provided in relation to (a) the staff of the ManCo; (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 employed by the ManCo, are assigned by their employer to carry out services for the ManCo.

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 ManCo is included in the aggregate figures disclosed.

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

The amount of the total remuneration awarded to the ManCo's staff in respect of the ManCo's financial year ending 31 December 2022 is US dollar 194.5 million. This figure is comprised of fixed remuneration of US dollar 109.3 million and variable remuneration of US dollar 85.3 million. There were a total of 3,790 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the ManCo in respect of the ManCo's financial year ending 31 December 2022, to its senior management was US dollar 21.6 million, and to other members of its staff whose actions potentially have a material impact on the risk profile of the ManCo or its funds was US dollar 8.8 million. These figures relate to the entire ManCo and not to the Fund.

Portfolio Statement

at 28 February 2023

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
	EQUITIES – 35.88%; 28.2.2022 29.66%		
	AUSTRALIA – 0.07%; 28.2.2022 0.06%		
	Agriculture – 0.01%; 28.2.2022 0.00%		
27,088	Costa	**39**	**0.01**
	Oil & Gas Producers – 0.06%; 28.2.2022 0.06%		
36,165	Santos	141	0.05
2,085	Woodside Energy	42	0.01
		183	**0.06**
	AUSTRIA – 0.12%; 28.2.2022 0.05%		
	Computers – 0.01%; 28.2.2022 0.01%		
1,861	Kontron	**31**	**0.01**
	Electricity – 0.07%; 28.2.2022 0.01%		
3,075	Verbund	**215**	**0.07**
	Machinery Diversified – 0.03%; 28.2.2022 0.01%		
1,740	Andritz	**89**	**0.03**
	Semiconductors – 0.01%; 28.2.2022 0.02%		
5,395	ams-OSRAM[Ø]	**35**	**0.01**
	BELGIUM – 0.11%; 28.2.2022 0.01%		
	Chemicals – 0.11%; 28.2.2022 0.01%		
11,229	Umicore	**310**	**0.11**
	BRAZIL – 0.09%; 28.2.2022 0.01%		
	Agriculture – 0.03%; 28.2.2022 0.01%		
9,965	SLC Agricola	**78**	**0.03**
	Forest Products & Paper – 0.05%; 28.2.2022 0.00%		
19,596	Suzano	**144**	**0.05**
	Packaging & Containers – 0.01%; 28.2.2022 0.00%		
11,525	Klabin	**35**	**0.01**
	CANADA – 0.20%; 28.2.2022 0.15%		
	Alternative Energy Sources – 0.02%; 28.2.2022 0.00%		
2,100	Canadian Solar	**68**	**0.02**
	Chemicals – 0.10%; 28.2.2022 0.06%		
4,722	Nutrien	**303**	**0.10**
	Forest Products & Paper – 0.02%; 28.2.2022 0.00%		
2,435	Canfor	34	0.01
30,111	Western Forest Products	22	0.01
		56	**0.02**
	Gas – 0.00%; 28.2.2022 0.02%		
	Mining – 0.01%; 28.2.2022 0.01%		
1,632	Cameco	**37**	**0.01**
	Pipelines – 0.05%; 28.2.2022 0.05%		
5,627	Pembina Pipeline	**156**	**0.05**

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
	Telecommunications – 0.00%; 28.2.2022 0.01%		
	DENMARK – 0.19%; 28.2.2022 0.16%		
	Alternative Energy Sources – 0.08%; 28.2.2022 0.04%		
10,286	Vestas Wind Systems	**243**	**0.08**
	Building Materials – 0.02%; 28.2.2022 0.03%		
317	Rockwool	**61**	**0.02**
	Chemicals – 0.01%; 28.2.2022 0.06%		
961	Novozymes	**38**	**0.01**
	Electricity – 0.08%; 28.2.2022 0.03%		
3,060	Orsted	**223**	**0.08**
	FINLAND – 0.22%; 28.2.2022 0.13%		
	Forest Products & Paper – 0.14%; 28.2.2022 0.07%		
14,674	Stora Enso	169	0.06
8,240	UPM-Kymmene	246	0.08
		415	**0.14**
	Oil & Gas Producers – 0.08%; 28.2.2022 0.06%		
5,619	Neste	**222**	**0.08**
	FRANCE – 0.23%; 28.2.2022 0.21%		
	Biotechnology – 0.00%; 28.2.2022 0.00%		
2,483	Fermentalg Rights 31/12/2049[1]	**–**	**0.00**
	Chemicals – 0.02%; 28.2.2022 0.00%		
479	Air Liquide	**63**	**0.02**
	Commercial Services – 0.05%; 28.2.2022 0.10%		
4,332	Worldline	**151**	**0.05**
	Electrical Components & Equipment – 0.16%; 28.2.2022 0.03%		
3,490	Schneider Electric	**466**	**0.16**
	Water – 0.00%; 28.2.2022 0.08%		
	GERMANY – 0.17%; 28.2.2022 0.14%		
	Alternative Energy Sources – 0.09%; 28.2.2022 0.05%		
15,999	Siemens Energy	**265**	**0.09**
	Chemicals – 0.00%; 28.2.2022 0.01%		
	Electrical Components & Equipment – 0.02%; 28.2.2022 0.03%		
975	SMA Solar Technology	**62**	**0.02**
	Miscellaneous Manufacturing – 0.03%; 28.2.2022 0.02%		
621	Siemens	**79**	**0.03**
	Semiconductors – 0.02%; 28.2.2022 0.02%		
2,313	Infineon Technologies	**68**	**0.02**
	Software – 0.01%; 28.2.2022 0.01%		
841	Software	**14**	**0.01**

Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
HONG KONG – 0.00%; 28.2.2022 0.00%			
Distribution & Wholesale – 0.00%; 28.2.2022 0.00%			
29,000	Digital China	**11**	**0.00**
IRELAND – 1.41%; 28.2.2022 1.21%			
Agriculture – 0.02%; 28.2.2022 0.00%			
14,637	Origin Enterprises	**55**	**0.02**
Building Materials – 0.02%; 28.2.2022 0.04%			
1,263	Kingspan	**68**	**0.02**
Forest Products & Paper – 0.06%; 28.2.2022 0.03%			
5,926	Smurfit Kappa	**183**	**0.06**
Private Equity – 1.31%; 28.2.2022 0.90%			
3,988,298	Greencoat Renewables	**3,865**	**1.31**
Retail – 0.00%; 28.2.2022 0.24%			
ISRAEL – 0.04%; 28.2.2022 0.01%			
Chemicals – 0.04%; 28.2.2022 0.01%			
20,977	ICL	**122**	**0.04**
ITALY – 0.07%; 28.2.2022 0.04%			
Automobile Manufacturers – 0.00%; 28.2.2022 0.00%			
Electricity – 0.00%; 28.2.2022 0.04%			
Gas – 0.07%; 28.2.2022 0.00%			
48,090	Snam	**199**	**0.07**
JAPAN – 0.16%; 28.2.2022 0.21%			
Computers – 0.01%; 28.2.2022 0.01%			
200	Fujitsu[Ø]	**21**	**0.01**
Environmental Control – 0.02%; 28.2.2022 0.00%			
1,600	Kurita Water Industries	**59**	**0.02**
Forest Products & Paper – 0.01%; 28.2.2022 0.08%			
12,500	Oji	42	0.01
500	Sumitomo Forestry	8	0.00
		50	**0.01**
Machinery Diversified – 0.04%; 28.2.2022 0.03%			
3,100	Kubota	38	0.01
1,100	Omron	49	0.02
900	Yaskawa Electric	29	0.01
		116	**0.04**
Oil & Gas Producers – 0.05%; 28.2.2022 0.06%			
35,400	ENEOS	101	0.03
2,800	Idemitsu Kosan	51	0.02
		152	**0.05**
Semiconductors – 0.03%; 28.2.2022 0.03%			
8,600	Renesas Electronics	**92**	**0.03**
NETHERLANDS – 0.16%; 28.2.2022 0.20%			
Chemicals – 0.01%; 28.2.2022 0.05%			
342	Koninklijke DSM	**35**	**0.01**
Commercial Services – 0.03%; 28.2.2022 0.06%			
69	Adyen	**81**	**0.03**
Food Producers – 0.02%; 28.2.2022 0.01%			
1,431	Corbion	**44**	**0.02**
Healthcare Products – 0.01%; 28.2.2022 0.02%			
2,331	Koninklijke Philips	**32**	**0.01**
Pipelines – 0.05%; 28.2.2022 0.03%			
5,087	Koninklijke Vopak	**134**	**0.05**
Semiconductors – 0.04%; 28.2.2022 0.03%			
26	ASML	14	0.01
524	NXP Semiconductors	77	0.03
		91	**0.04**
NORWAY – 0.28%; 28.2.2022 0.16%			
Alternative Energy Sources – 0.07%; 28.2.2022 0.00%			
113,913	Aker Carbon Capture	140	0.05
46,778	NEL[Ø]	60	0.02
		200	**0.07**
Environmental Control – 0.02%; 28.2.2022 0.05%			
3,524	TOMRA Systems	**47**	**0.02**
Food Producers – 0.13%; 28.2.2022 0.05%			
13,751	Leroy Seafood	56	0.02
15,110	Mowi	214	0.07
3,056	Salmar	104	0.04
		374	**0.13**
Oil & Gas Producers – 0.05%; 28.2.2022 0.04%			
1,606	Aker BP	36	0.01
4,117	Equinor	106	0.04
		142	**0.05**
Semiconductors – 0.01%; 28.2.2022 0.02%			
3,090	Nordic Semiconductor	**37**	**0.01**
PORTUGAL – 0.02%; 28.2.2022 0.02%			
Oil & Gas Producers – 0.02%; 28.2.2022 0.02%			
6,375	Galp Energia SGPS	**65**	**0.02**

Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
	SOUTH KOREA – 0.08%; 28.2.2022 0.01%		
	Semiconductors – 0.08%; 28.2.2022 0.01%		
260	Samsung Electronics	**247**	**0.08**
	SPAIN – 0.18%; 28.2.2022 0.06%		
	Alternative Energy Sources – 0.00%; 28.2.2022 0.03%		
	Electricity – 0.10%; 28.2.2022 0.03%		
16,287	EDP Renovaveis	**282**	**0.10**
	Engineering & Construction – 0.08%; 28.2.2022 0.00%		
1,498	Acciona	**236**	**0.08**
	SWEDEN – 0.16%; 28.2.2022 0.16%		
	Building Materials – 0.02%; 28.2.2022 0.06%		
6,909	Nibe Industrier	**61**	**0.02**
	Electricity – 0.00%; 28.2.2022 0.00%		
979	Orron Energy	**1**	**0.00**
	Forest Products & Paper – 0.13%; 28.2.2022 0.08%		
4,747	Holmen	157	0.05
20,863	Svenska Cellulosa	240	0.08
		397	**0.13**
	Oil & Gas Producers – 0.00%; 28.2.2022 0.01%		
	Telecommunications – 0.01%; 28.2.2022 0.01%		
5,257	Telefonaktiebolaget LM Ericsson	**24**	**0.01**
	SWITZERLAND – 0.27%; 28.2.2022 0.11%		
	Building Materials – 0.13%; 28.2.2022 0.00%		
909	Belimo	**390**	**0.13**
	Commercial Services – 0.00%; 28.2.2022 0.01%		
	Electrical Components & Equipment – 0.03%; 28.2.2022 0.03%		
2,950	ABB	**81**	**0.03**
	Metal & Hardware – 0.01%; 28.2.2022 0.01%		
92	VAT	**23**	**0.01**
	Packaging & Containers – 0.07%; 28.2.2022 0.03%		
11,091	SIG[Ø]	**216**	**0.07**
	Semiconductors – 0.03%; 28.2.2022 0.03%		
2,365	STMicroelectronics	**95**	**0.03**
	TAIWAN – 0.02%; 28.2.2022 0.02%		
	Semiconductors – 0.02%; 28.2.2022 0.02%		
668	Taiwan Semiconductor Manufacturing	**48**	**0.02**

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
	UNITED KINGDOM – 23.61%; 28.2.2022 19.36%		
	Advertising – 0.18%; 28.2.2022 0.24%		
200,159	Ascential	**539**	**0.18**
	Agriculture – 0.48%; 28.2.2022 0.86%		
44,948	British American Tobacco	**1,426**	**0.48**
	Airlines – 0.00%; 28.2.2022 0.10%		
	Alternative Energy Sources – 0.02%; 28.2.2022 0.00%		
62,878	ITM Power	**61**	**0.02**
	Apparel – 0.00%; 28.2.2022 0.06%		
	Banks – 1.66%; 28.2.2022 1.06%		
361,000	Barclays	631	0.21
209,411	HSBC	1,332	0.45
1,085,500	Lloyds Banking	572	0.19
302,471	Standard Chartered	2,408	0.81
		4,943	**1.66**
	Beverages – 0.45%; 28.2.2022 0.08%		
37,808	Diageo	**1,343**	**0.45**
	Biotechnology – 0.00%; 28.2.2022 0.05%		
	Chemicals – 0.33%; 28.2.2022 0.21%		
34,826	Johnson Matthey	750	0.25
836	Linde	237	0.08
		987	**0.33**
	Commercial Services – 2.49%; 28.2.2022 2.03%		
24,900	Ashtead	1,374	0.46
186,664	RELX	4,680	1.58
259,400	Rentokil Initial	1,339	0.45
		7,393	**2.49**
	Computers – 0.29%; 28.2.2022 0.23%		
547,100	Serco	**855**	**0.29**
	Cosmetics & Personal Care – 0.38%; 28.2.2022 0.30%		
27,200	Unilever	**1,124**	**0.38**
	Distribution & Wholesale – 0.90%; 28.2.2022 1.09%		
22,295	Ferguson[Ø]	**2,652**	**0.90**
	Diversified Financial Services – 0.97%; 28.2.2022 0.55%		
50,264	Hargreaves Lansdown	420	0.14
33,158	London Stock Exchange	2,468	0.83
		2,888	**0.97**
	Electricity – 0.08%; 28.2.2022 0.01%		
12,950	SSE	**228**	**0.08**

Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
Electronics – 0.02%; 28.2.2022 0.01%			
2,237	Halma	**48**	**0.02**
Environmental Control – 0.14%; 28.2.2022 0.07%			
9,303	Pentair	**427**	**0.14**
Food Producers – 0.00%; 28.2.2022 0.39%			
Food Services – 1.29%; 28.2.2022 0.98%			
197,600	Compass	**3,818**	**1.29**
Healthcare Products – 0.30%; 28.2.2022 0.30%			
75,100	Smith & Nephew	**883**	**0.30**
Household Products – 0.96%; 28.2.2022 0.79%			
49,134	Reckitt Benckiser	**2,834**	**0.96**
Insurance – 0.52%; 28.2.2022 0.44%			
78,932	Phoenix	501	0.17
80,300	Prudential	1,023	0.35
		1,524	**0.52**
Internet – 1.35%; 28.2.2022 1.53%			
267,600	Auto Trader	1,589	0.54
205,000	Baltic Classifieds	324	0.11
157,200	Moonpig	183	0.06
277,000	Rightmove	1,559	0.53
123,500	Trainline	315	0.11
		3,970	**1.35**
Investment Companies – 1.30%; 28.2.2022 1.22%			
492,000	Melrose Industries	749	0.25
3,339,668	Sdcl Energy Efficiency Income Trust	3,093	1.05
		3,842	**1.30**
Leisure Time – 0.00%; 28.2.2022 0.00%			
44,990	Patisserie[2]	**–**	**0.00**
Machinery Diversified – 0.19%; 28.2.2022 0.02%			
32,965	CNH Industrial	449	0.15
4,296	CNH Industrial	58	0.02
522	Spirax-Sarco Engineering	61	0.02
		568	**0.19**
Media – 0.55%; 28.2.2022 0.00%			
175,289	Pearson	**1,611**	**0.55**
Mining – 1.55%; 28.2.2022 1.38%			
81,100	Rio Tinto	**4,589**	**1.55**
Miscellaneous Manufacturing – 0.04%; 28.2.2022 0.04%			
4,618	Diploma	**129**	**0.04**
Oil & Gas Producers – 2.46%; 28.2.2022 1.65%			
434,902	BP	2,417	0.82

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
191,600	Shell	4,852	1.64
		7,269	**2.46**
Pharmaceuticals – 2.31%; 28.2.2022 1.61%			
59,212	AstraZeneca	6,473	2.19
23,926	Indivior	364	0.12
		6,837	**2.31**
Private Equity – 1.15%; 28.2.2022 0.77%			
207,500	3i	**3,404**	**1.15**
Real Estate Investment Trusts – 0.09%; 28.2.2022 0.24%			
220,000	Capital & Counties Properties	**278**	**0.09**
Retail – 1.02%; 28.2.2022 0.97%			
43,769	Next	**3,012**	**1.02**
Semiconductors – 0.00%; 28.2.2022 0.05%			
Telecommunications – 0.01%; 28.2.2022 0.01%			
10,176	Spirent Communications	**22**	**0.01**
Water – 0.13%; 28.2.2022 0.02%			
36,393	Pennon	303	0.10
2,090	Severn Trent	58	0.02
4,217	United Utilities	43	0.01
		404	**0.13**
UNITED STATES OF AMERICA – 8.02%; 28.2.2022 7.17%			
Aerospace & Defence – 0.81%; 28.2.2022 0.00%			
9,386	AAR	427	0.14
4,500	AeroVironment	319	0.11
2,826	Curtiss-Wright	413	0.14
7,420	Hexcel[Ø]	446	0.15
12,038	Howmet Aerospace	421	0.14
9,981	Kaman	209	0.07
17,063	Triumph	182	0.06
		2,417	**0.81**
Agriculture – 0.24%; 28.2.2022 0.10%			
5,401	Archer-Daniels-Midland	362	0.12
4,129	Bunge	332	0.11
728	Darling Ingredients	41	0.01
		735	**0.24**
Alternative Energy Sources – 0.15%; 28.2.2022 0.04%			
218	Enphase Energy	38	0.01
1,824	First Solar	251	0.09
4,551	Fluence Energy	72	0.02
3,131	SunPower	39	0.01
3,597	Sunrun	69	0.02
		469	**0.15**

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
Automobile Manufacturers – 0.02%; 28.2.2022 0.00%			
401	Tesla	**69**	**0.02**
Automobile Parts & Equipment – 0.00%; 28.2.2022 0.01%			
Biotechnology – 0.00%; 28.2.2022 0.07%			
Chemicals – 0.26%; 28.2.2022 0.04%			
218	Air Products and Chemicals	51	0.02
2,824	Ecolab	373	0.13
7,475	Mosaic	328	0.11
		752	**0.26**
Commercial Services – 0.27%; 28.2.2022 0.23%			
831	Block	52	0.02
3,061	Booz Allen Hamilton	241	0.08
13,322	Sabre	57	0.02
11,404	V2X	448	0.15
941	Vivint Smart Home	9	0.00
		807	**0.27**
Computers – 0.46%; 28.2.2022 0.84%			
4,593	Apple	562	0.19
33,500	Conduent	111	0.04
3,533	Fortinet	174	0.06
2,211	International Business Machines	239	0.08
2,474	NetApp	132	0.04
2,227	Seagate Technology	118	0.04
9,437	Vuzix	33	0.01
		1,369	**0.46**
Distribution & Wholesale – 0.02%; 28.2.2022 0.02%			
3,200	Resideo Technologies	**49**	**0.02**
Diversified Financial Services – 0.16%; 28.2.2022 0.26%			
769	Mastercard	226	0.08
1,286	Visa	234	0.08
		460	**0.16**
Electrical Components & Equipment – 0.13%; 28.2.2022 0.02%			
421	Emerson Electric	29	0.01
3,620	EnerSys	266	0.09
751	Generac	74	0.03
		369	**0.13**
Electricity – 0.07%; 28.2.2022 0.01%			
3,149	Ormat Technologies	**220**	**0.07**
Electronics – 0.14%; 28.2.2022 0.06%			
611	Badger Meter	60	0.02

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
274	TE Connectivity	29	0.01
7,803	Trimble	333	0.11
		422	**0.14**
Engineering & Construction – 0.02%; 28.2.2022 0.02%			
627	MasTec	**50**	**0.02**
Environmental Control – 0.17%; 28.2.2022 0.21%			
4,607	CECO Environmental	56	0.02
1,615	Evoqua Water Technologies	65	0.02
3,082	Republic Services	329	0.11
422	Waste Management	53	0.02
		503	**0.17**
Food Producers – 0.10%; 28.2.2022 0.08%			
6,368	Hain Celestial	94	0.03
1,015	Hershey	201	0.07
		295	**0.10**
Healthcare Products – 0.02%; 28.2.2022 0.01%			
363	Masimo	**51**	**0.02**
Internet – 0.43%; 28.2.2022 0.88%			
3,659	Alphabet	272	0.09
3,161	Amazon.com	245	0.08
1,110	F5	129	0.04
1,569	Meta Platforms	220	0.07
1,419	Palo Alto Networks	221	0.08
1,173	VeriSign	192	0.07
		1,279	**0.43**
Machinery Construction & Mining – 0.02%; 28.2.2022 0.00%			
3,390	Bloom Energy	**61**	**0.02**
Machinery Diversified – 0.82%; 28.2.2022 0.24%			
3,796	AGCO	443	0.15
2,094	Deere	730	0.25
2,135	Dover	265	0.09
1,605	Lindsay	195	0.07
128	Rockwell Automation	31	0.01
2,767	Watts Water Technologies	401	0.14
3,765	Xylem	319	0.11
		2,384	**0.82**
Miscellaneous Manufacturing – 0.27%; 28.2.2022 0.08%			
1,173	A O Smith	63	0.02
6,995	Donaldson	365	0.12
2,653	Eaton	383	0.13
		811	**0.27**

Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
Office & Business Equipment – 0.05%; 28.2.2022 0.11%			
578	Zebra Technologies	**141**	**0.05**
Oil & Gas Producers – 0.19%; 28.2.2022 0.18%			
3,428	EOG Resources	325	0.11
1,156	Occidental Petroleum	56	0.02
1,028	Pioneer Natural Resources	172	0.06
		553	**0.19**
Oil & Gas Services – 0.25%; 28.2.2022 0.19%			
11,295	Halliburton	347	0.12
8,290	Schlumberger	373	0.13
		720	**0.25**
Packaging & Containers – 0.24%; 28.2.2022 0.12%			
16,609	Graphic Packaging	327	0.11
1,638	Packaging of America	185	0.06
7,569	Westrock	198	0.07
		710	**0.24**
Pharmaceuticals – 0.01%; 28.2.2022 0.00%			
148	Dexcom	**14**	**0.01**
Pipelines – 0.22%; 28.2.2022 0.21%			
1,819	Cheniere Energy	239	0.08
19,134	Kinder Morgan	274	0.09
5,446	Williams Cos	138	0.05
		651	**0.22**
Real Estate Investment Trusts – 0.15%; 28.2.2022 0.08%			
1,453	PotlatchDeltic	56	0.02
6,066	Rayonier	169	0.06
8,420	Weyerhaeuser	215	0.07
		440	**0.15**
Semiconductors – 0.74%; 28.2.2022 1.05%			
3,288	Advanced Micro Devices	214	0.07
600	Ambarella	46	0.02
2,195	Analog Devices	332	0.11
509	Broadcom	246	0.08
951	CEVA	25	0.01
5,634	Intel	116	0.04
2,827	Marvell Technology	104	0.04
1,365	Microchip Technology	91	0.03
1,498	Micron Technology	72	0.02
1,307	NVIDIA	254	0.09
2,153	ON Semiconductor	138	0.05
5,392	Ouster	5	0.00
609	Qorvo	50	0.02
774	QUALCOMM	79	0.03
4,511	Rambus	164	0.06
680	Silicon Laboratories	99	0.03

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
625	Skyworks Solutions	58	0.02
517	Texas Instruments	73	0.02
		2,166	**0.74**
Software – 0.86%; 28.2.2022 1.46%			
569	Adobe	152	0.05
770	Ansys	188	0.06
609	Aspen Technology	108	0.04
1,708	Cadence Design Systems	273	0.09
758	Digi International	21	0.01
487	Fair Isaac	270	0.09
514	Intuit	175	0.06
2,702	Microsoft	559	0.19
3,718	Oracle	270	0.09
1,580	PTC	165	0.06
1,176	Salesforce	159	0.05
733	Splunk	62	0.02
1,618	VMware	148	0.05
		2,550	**0.86**
Telecommunications – 0.45%; 28.2.2022 0.44%			
6,820	A10 Networks	84	0.03
1,881	Arista Networks	215	0.07
6,417	Cisco Systems	259	0.09
13,013	CommScope	81	0.03
7,168	Juniper Networks	183	0.06
12,093	Maxar Technologies	515	0.17
		1,337	**0.45**
Water – 0.28%; 28.2.2022 0.11%			
2,717	American Water Works	314	0.11
3,882	California Water Service	186	0.06
8,675	Essential Utilities	311	0.11
		811	**0.28**
BONDS – 2.01%; 28.2.2022 1.87%			
US Dollar Denominated Government Bonds – 2.01%; 28.2.2022 1.87%			
$7,258,100	United States Treasury Note/Bond 0.125% 30/4/2023	**5,954**	**2.01**
COLLECTIVE INVESTMENT SCHEMES – 51.21%; 28.2.2022 57.53%			
Equity Funds – 30.96%; 28.2.2022 20.50%			
7,589,542	BlackRock Continental European Fund†	19,331	6.54
608,284	BlackRock Global Funds - Emerging Markets Fund†	7,564	2.56
332,197	BlackRock Global Funds - Sustainable World Bond Fund†	2,837	0.96

Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
646,447	BlackRock Global Funds - US Flexible Equity Fund†	29,439	9.95
563,023	BlackRock UK Smaller Companies Fund†	4,661	1.58
1,961,531	BlackRock UK Smaller Companies Fund†	21,599	7.30
231,207	Foresight Solar Fund	266	0.09
1,329,524	iShares Core Global Aggregate Bond UCITS ETF†	5,854	1.98
		91,551	**30.96**
Exchange Traded Funds − 13.11%; 28.2.2022 23.59%			
890,566	iShares Core Bond UCITS ETF†Ø	3,615	1.22
41,909	iShares Core FTSE 100 UCITS ETF GBP Acc†	5,992	2.03
32,866	iShares Core S&P 500 UCITS ETF†Ø	11,248	3.80
172,079	iShares Global Bond UCITS ETF†	12,046	4.07
1,164,488	iShares MSCI Japan SRI UCITS ETF USD†	5,883	1.99
		38,784	**13.11**
Investment Trusts − 3.50%; 28.2.2022 0.96%			
4,327,980	Greencoat UK Wind	6,730	2.28
2,187,384	Gresham House Energy Storage Fund Fund	3,609	1.22
		10,339	**3.50**
Short-term Money Market Funds − 3.64%; 28.2.2022 12.48%			
1,900	BlackRock ICS Euro Liquid Environmentally Aware Fund†	165	0.06
89,604	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class†	8,960	3.03
19,772	BlackRock ICS US Dollar Liquid Environmentally Aware Fund Agency Income Class†	1,635	0.55
		10,760	**3.64**

Holding or Nominal Value	Investment	Underlying Exposure − Derivatives £000's	Market Value £000's	% of Total Net Assets
DERIVATIVES − (0.47%); 28.2.2022 0.05%				
Forward Currency Contracts − 0.18%; 28.2.2022 (0.11%)				
AU$5,103,817	Australian dollar vs UK sterling	2,842	(57)	(0.02)
CA$4,745,151	Canadian dollar vs UK sterling	2,891	(9)	0.00
€9,700,000	Euro vs UK sterling	8,525	(64)	(0.02)
¥1,254,661,632	Japanese yen vs US dollar	15,642	(383)	(0.13)
£15,851,922	UK sterling vs Euro	15,691	160	0.05
£9,400,000	UK sterling vs US dollar	9,432	(32)	(0.01)
US$9,700,000	US dollar vs Japanese yen	15,595	430	0.15
US$7,215,351	US dollar vs South Korean won	11,653	267	0.09
US$20,250,000	US dollar vs Taiwan dollar	33,225	231	0.07
		115,496	**543**	**0.18**
Futures − (0.81%); 28.2.2022 0.27%				
(368)	Euro Stoxx 50 March 2023	13,752	(1,043)	(0.35)
26	Euro-Buxl March 2023	3,055	(650)	(0.22)
31	FTSE 100 Index March 2023	2,442	132	0.04
(292)	FTSE 250 Index March 2023	11,606	(653)	(0.22)
69	MSCI Emerging Markets March 2023	2,754	(204)	(0.07)
(86)	MSCI World Index March 2023	5,973	(90)	(0.03)
116	S&P 500 E-Mini March 2023	19,168	139	0.05
18	S&P/TSX 60 Index March 2023	2,675	19	0.01
28	SPI 200 March 2023	2,802	16	0.00

Holding or Nominal Value	Investment	Underlying Exposure − Derivatives £000's	Market Value £000's	% of Total Net Assets
53	US Ultra Bond (CBT) June 2023	5,885	(60)	(0.02)
		70,112	**(2,394)**	**(0.81)**
Inflation Swaps − (0.10%); 28.2.2022 0.00%				
1,305,261	Goldman Sachs Euro 2.535% vs Variable 16/4/2052	1,020	(123)	(0.04)
444,000	Goldman Sachs Euro 2.58% vs Variable 16/3/2052	349	(37)	(0.01)
1,756,644	UBS Euro 2.585% vs Variable 16/4/2052	1,398	(138)	(0.05)
		2,767	**(298)**	**(0.10)**
Options − 0.07%; 28.2.2022 0.12%				
(392)	Euro STOXX 50 Put Option 19/5/2023 3800	2,313	(127)	(0.04)
392	Euro STOXX 50 Put Option 19/5/2023 4100	5,483	320	0.11
		7,796	**193**	**0.07**
Total Return Swaps − 0.19%; 28.2.2022 (0.23%)				
39,567	Barclays Bank Volatility Carry Strategy Index 20/11/2023	4,729	(11)	0.00
3,891	Citibank Global Brands Basket Index 4/9/2023	9,493	988	0.33
550	Citibank S&P Biotech Select TR Index 14/12/2023	2,915	(66)	(0.02)
112,636	Goldman Sachs International GS LCTR Agriculture Basket Index 12/4/2023	7,994	43	0.01
27,055	Goldman Sachs International GS US Non Proft Tech GTR Index 14/2/2024	2,930	138	0.05
5,831	HSBC Transition Leader Long Basket Index 14/12/2023	577	34	0.01
17,595	HSBC Transition Leader Long Basket Index 14/12/2023	1,741	30	0.01
34,986	HSBC Transition Leader Long Basket Index 14/12/2023	3,461	137	0.05
24,990	HSBC Transition Leader Short Basket Index 14/12/2023	2,492	(311)	(0.11)
18,681	HSBC Transition Leader Short Basket Index 14/12/2023	1,863	(235)	(0.08)
6,248	HSBC Transition Leader Short Basket Index 14/12/2023	623	(97)	(0.03)
2,671	Morgan Stanley International MSVCDRSE 24/7/2023	1,205	38	0.01
411,462	UBS Aquantum Scarcity Premium Commodity Index 10/8/2023	5,736	(124)	(0.04)
		45,759	**564**	**0.19**
Portfolio of investments			**262,094**	**88.63**
Net other assets			33,607	11.37
Total net assets			**295,701**	**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") (as adopted by the FCA) 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 Bank of America Merrill Lynch, Bank of New York Mellon International, Barclays Bank Plc, BNP Paribas Arbitrage SNC, Citigroup Global Markets Limited, Goldman Sachs International, HSBC Bank Plc, Morgan Stanley & Co. International Plc and UBS AG.

The total return swaps ("TRS") shown in the portfolio statement starting on page 26 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] Fair valued by the Manager.

[2] Security fair valued by Manager at 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 2023

	Notes	£000's	For the year to 28.2.2023 £000's	£000's	For the year to 28.2.2022 £000's
Income					
Net capital (losses)/gains	3		(3,825)		9,638
Revenue	4	7,403		5,009	
Expenses	5	(3,552)		(3,492)	
Interest payable and similar charges	6	(120)		(255)	
Net revenue before taxation		3,731		1,262	
Taxation	7	(63)		(43)	
Net revenue after taxation			3,668		1,219
Total return before distributions			(157)		10,857
Distributions	8		(7,209)		(4,710)
Change in net assets attributable to unitholders from investment activities			**(7,366)**		**6,147**

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2023

	£000's	For the year to 28.2.2023 £000's	£000's	For the year to 28.2.2022 £000's
Opening net assets attributable to unitholders		285,254		236,552
Amounts receivable on issue of units	49,591		79,036	
Amounts payable on cancellation of units	(38,552)		(40,920)	
		11,039		38,116
Change in net assets attributable to unitholders from investment activities		(7,366)		6,147
Retained distribution on accumulation units		6,774		4,430
Unclaimed distributions over 6 years old		–		9
Closing net assets attributable to unitholders		**295,701**		**285,254**

Balance Sheet

at 28 February 2023

	Notes	28.2.2023 £000's	28.2.2022 £000's
Assets:			
Fixed assets			
– Investment assets		266,608	258,268
Current assets			
– Debtors	9	20,658	4,034
– Cash and bank balances	10	34,557	29,659
– Cash collateral posted		–	300
Total assets		**321,823**	**292,261**
Liabilities:			
Investment liabilities		(4,514)	(4,074)
Creditors			
– Amounts held at futures clearing houses and brokers		(59)	(623)
– Distributions payable		(283)	(212)
– Other creditors	11	(21,266)	(2,098)
Total liabilities		**(26,122)**	**(7,007)**
Net assets attributable to unitholders		**295,701**	**285,254**

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
31 May 2023

Notes to Financial Statements

for the year ended 28 February 2023

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 a period of one year from the date of approval of the financial statements and is financially sound. The Directors of the Manager are satisfied that, at the time of approving the financial statements, 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.

(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 Collective Investment Schemes have been valued at the latest available published bid price market values. Investments in single priced Collective Investment Schemes have been valued at the latest available published market values.

(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 (losses)/gains' in the Statement of Total Return.

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.

Distribution Policies

(l) The ordinary element of stock dividends is treated as revenue and forms part of the distribution.

(m) Special dividends and share buy backs recognised as revenue form part of the distribution.

(n) 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.

(o) 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.

(p) 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.

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 2023 and 28 February 2022 based on a 99% confidence level was 1.50% and 1.02% 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.

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.

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.

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.

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 2023 was A (28 February 2022: A-) (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 2023

Counterparty	Forwards £000's	Inflation Swaps £000's	Total Return Swaps £000's	Total Exposure £000's
Bank of America Merrill Lynch	(9)	–	–	**(9)**
Bank of New York Mellon International	(64)	–	–	**(64)**
Barclays Bank Plc	1	–	(11)	**(10)**
BNP Paribas Arbitrage SNC	(1)	–	–	**(1)**
Citigroup Global Markets Limited	(323)	–	922	**599**
Goldman Sachs International	593	(160)	181	**614**
HSBC Bank Plc	267	–	(442)	**(175)**
Morgan Stanley & Co. International Plc	7	–	38	**45**
UBS AG	72	(138)	(124)	**(190)**

28 February 2022

Counterparty	Forwards £000's	OTC Options £000's	Total Return Swaps £000's	Total Exposure £000's
Bank of America Merrill Lynch	–	–	(199)	**(199)**
Bank of New York Mellon International	46	–	–	**46**
Barclays Bank Plc	–	–	(6)	**(6)**
BNP Paribas Arbitrage SNC	250	30	–	**280**
Citigroup Global Markets Limited	23	–	(450)	**(427)**
Goldman Sachs International	(13)	–	–	**(13)**
HSBC Bank Plc	(17)	–	–	**(17)**
Morgan Stanley & Co. International Plc	(593)	–	–	**(593)**
UBS AG	(2)	–	–	**(2)**

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 depositary used by the Trustee regarding cash balances held in accounts with same. In the event of insolvency or bankruptcy of the Custodian or any depositary 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.

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 2023 was AA (28 February 2022: A) (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.

The following tables detail the credit rating profile of the debt securities held by the Fund as a percentage of the NAV as at the Balance Sheet date:

28 February 2023

Investment grade %	Non-investment grade %	Not rated %	Total %
2.01	–	–	2.01

28 February 2022

Investment grade %	Non-investment grade %	Not rated %	Total %
1.87	–	–	1.87

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 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 2023 Securities on loan £000's	28 February 2023 Collateral received £000's	28 February 2022 Securities on loan £000's	28 February 2022 Collateral received £000's
Barclays Capital Securities Limited	UK	3,443	3,971	300	333
BNP Paribas Arbitrage SNC	France	–	–	196	216
Citigroup Global Markets Limited	UK	342	391	7,070	7,445
Goldman Sachs International	UK	–	–	508	574
HSBC Bank Plc	UK	11	12	451	497
J.P. Morgan Securities Plc	UK	232	276	278	328
Merrill Lynch International	UK	5,364	5,833	1	1
Morgan Stanley & Co. International Plc	UK	–	–	1,797	1,887
The Bank of Nova Scotia	Canada	123	134	–	–
UBS AG	Switzerland	475	525	251	287
Total		**9,990**	**11,142**	**10,852**	**11,568**

At 28 February 2023, collateral received from these borrowing counterparties comprised of 63.53% in debt securities and 36.47% in equity securities (28 February 2022: 86.89% in debt securities and 13.11% 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 2023 and 28 February 2022, 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 2023 collateral received by the Fund in respect of OTC FDIs was £Nil. Collateral posted by the Fund in respect of OTC FDIs was £Nil.

As at 28 February 2022 collateral received by the Fund in respect of OTC FDIs was £Nil. Collateral posted by the Fund in respect of OTC FDIs was £300,000 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 2023 and 28 February 2022, 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.

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 2023				
Investment assets	167,655	98,953	–[1]	266,608
Investment liabilities	(2,827)	(1,687)	–	(4,514)
28 February 2022				
Investment assets	163,320	94,948	–[1]	258,268
Investment liabilities	(2,819)	(1,255)	–	(4,074)

1 Includes securities fair valued by the Manager at zero. 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 2023

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	54.93%	42.03%	47.72%

28 February 2022

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	56.40%	45.52%	51.70%

(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 99.83% (28 February 2022: 80.18%).

3. Net Capital (Losses)/Gains

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
The net capital (losses)/gains comprise:		
Gains on non-derivative securities	2,869	9,400
(Losses)/gains on derivative securities	(7,229)	490
Currency gains/(losses)	535	(246)
Manager's charge rebates	1	2
Custodian transaction costs	(15)	(16)
US REIT dividends	14	8
Net capital (losses)/gains	**(3,825)**	**9,638**

4. Revenue

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Equity distributions on CIS holdings	567	99
Interest from overseas fixed interest securities	11	25
Interest from UK bank deposits	311	1
Interest from UK fixed interest securities	–	19
Interest on balances held at futures clearing houses and brokers	73	–
Manager's charge rebates	946	980
Option premiums	647	112
Overseas dividends	2,619	2,202
Returns from bond futures	11	–
Revenue from short-term money market funds	227	16
Securities lending revenue	36	26
Stock dividends	1	2
UK dividends	1,941	1,514
UK REIT dividends	8	9
US REIT dividends	5	4
Total revenue	**7,403**	**5,009**

5. Expenses

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Payable to the Manager or associates of the Manager:		
– Annual Management charge	3,372	3,304
– Annual service charge	114	120
	3,486	3,424
Other expenses:		
– Audit fee	11	7
– Legal and other professional fees	1	2
– Safe custody fees	20	24
– Trustee's fees	34	35
	66	68
Total expenses	**3,552**	**3,492**

6. Interest Payable and Similar Charges

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Interest on bank overdrafts	9	48
Returns from total return swaps	111	59
Returns from short position bond futures	–	139
Interest on collateral	–	9
Total interest payable and similar charges	**120**	**255**

7. Taxation

(a) Analysis of tax charge

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Overseas tax	63	43
Total tax charge [see note 7(b)]	**63**	**43**

(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 28.2.2023 £000's	For the year to 28.2.2022 £000's
Net revenue before taxation	3,731	1,262
Corporation tax at 20% (28 February 2022: 20%)	746	252
Effects of:		
Capitalised income subject to tax	–	2
Movement in unrecognised excess management expenses	109	296
Overseas tax	63	43
Prior year adjustment to excess management expenses	1	–
Relief on overseas tax expensed	(1)	–
Revenue not subject to tax	(855)	(550)
Total tax charge [see note 7(a)]	**63**	**43**

8. Distributions

	For the year to 28.2.2023 £000's	For the year to 28.2.2022 £000's
Interim distribution	3,268	2,162
Final distribution	4,032	2,692
	7,300	4,854
Add: Amounts deducted on cancellation of units	193	200
Less: Amounts received on issue of units	(284)	(344)
Distributions	**7,209**	**4,710**
The distributable amount has been calculated as follows:		
Net revenue after taxation	3,668	1,219
Add: Tax on capitalised Manager's charge rebates	(11)	–
Add: Management expenses reimbursed by capital	3,372	3,304
Add: Other expenses reimbursed by capital	180	188
Distributions	**7,209**	**4,711**

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

9. Debtors

	28.2.2023 £000's	28.2.2022 £000's
Accrued Manager's charge rebates	389	444
Accrued revenue	386	182
Amounts receivable for issue of units	294	395
Overseas tax recoverable	74	6
Sales awaiting settlement	19,515	3,007
Total debtors	**20,658**	**4,034**

10. Cash and Bank Balances

	28.2.2023 £000's	28.2.2022 £000's
Amount held at futures clearing houses and brokers	6,453	2,384
Cash and bank balances	28,104	27,275
Total cash and bank balances	**34,557**	**29,659**

11. Other Creditors

	28.2.2023 £000's	28.2.2022 £000's
Accrued Annual Management charge	1,400	1,437
Accrued Annual service charge	37	18
Accrued Audit fee	9	7
Accrued Safe custody fees	5	4
Accrued Trustee's fee	19	18
Amounts payable for cancellation of units	277	594
Amounts payable with respect to total return swaps	–	19
Custodian transaction costs	4	1
Purchases awaiting settlement	19,515	–
Total other creditors	**21,266**	**2,098**

12. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (28 February 2022: £Nil).

13. Credit Facility

The Funds entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Funds. The portion of the USD 475 million credit facility will be allocated to the Funds based on the credit facility agreement dated 22 April 2022. This credit facility may be utilised by the Fund for temporary funding purposes, including, without limitation, the funding of investor redemptions. Any interest and commitment fees in relation to drawdowns from such credit facility are paid out of the assets of the Fund.

The credit facility was not used during the year.

14. 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 2023:

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.

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.

14. Related Parties continued

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.

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 2023 and 28 February 2022, 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.

15. Portfolio Transaction Costs

For the year ended 28 February 2023

Purchases (excluding derivatives)	Transaction Value £000's	Direct Transaction Costs Commissions £000's	%	Taxes £000's	%
Equity instruments	34,781	11	0.03	84	0.24
Collective investment schemes	117,878	8	0.01	30	0.03
Total purchases	**152,659**	**19**		**114**	
Total purchases including transaction costs	**152,792**				

Sales (excluding derivatives)	Transaction Value £000's	Direct Transaction Costs Commissions £000's	%	Taxes £000's	%
Equity instruments	19,066	6	0.03	–	–
Collective investment schemes	103,304	–	–	–	–
Total sales	**122,370**	**6**		**–**	
Total sales net of transaction costs	**122,364**				
Derivative transaction costs		**42**		**–**	
Total transaction costs		**67**		**114**	
Total transaction costs as a % of average net assets		**0.02%**		**0.04%**	

15. Portfolio Transaction Costs continued

For the year ended 28 February 2022

		Direct Transaction Costs			
Purchases (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	38,549	13	0.03	103	0.27
Debt instruments	14,048	–	–	–	–
Collective investment schemes	39,852	2	0.01	13	0.03
Total purchases	**92,449**	**15**		**116**	
Total purchases including transaction costs	**92,580**				

		Direct Transaction Costs			
Sales (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	19,943	7	0.04	–	–
Debt instruments	8,008	–	–	–	–
Collective investment schemes	52,732	1	0.00	–	–
Total sales	**80,683**	**8**		**–**	
Total sales net of transaction costs	**80,675**				
Derivative transaction costs		**28**		**0**	
Total transaction costs		**51**		**116**	
Total transaction costs as a % of average net assets		**0.02%**		**0.04%**	

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.

15. 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 0.30% (28 February 2022: 0.93%).

16. Units in Issue

The movement in units in issue for the year ended 28 February 2023 is as follows:

	A Income Units	A Accumulation Units	D Income Units	D Accumulation Units
Balance at the beginning of the year	678,423	38,040,586	9,032,168	17,933,227
Issued during the year	139,733	5,738,750	868,293	4,067,841
Cancelled during the year	(351,180)	(3,106,158)	(986,997)	(3,719,274)
Balance at the end of the year	**466,976**	**40,673,178**	**8,913,464**	**18,281,794**

	S Income Units	S Accumulation Units
Balance at the beginning of the year	2,245,661	10,827,551
Issued during the year	144,051	2,909,586
Cancelled during the year	(614,404)	(3,149,911)
Balance at the end of the year	**1,775,308**	**10,587,226**

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.

17. Post Balance Sheet Events

K Henry was appointed as a director effective 3 March 2023. S Corrigall resigned as a director effective 2 May 2023.

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 2023.

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 capital losses for the year. In preparing these financial statements the Manager is required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

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 2023

The Depositary 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
31 May 2023

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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 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables and the Financial Instruments and Risks and the accounting policies of the Fund, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 28 February 2023 and of the net revenue and the net capital losses 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 (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 assessed which is one year 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 FCA and the Trust Deed; 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 FCA requires us to report to you if, in our opinion:

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

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 52, 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.

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Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrators 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. We tested the appropriateness of management's classification of material special dividends as either a capital or revenue return and 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 to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the 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.

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 FCA. 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
31 May 2023

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 (as adopted by the FCA), 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 2023 and the returns earned for the year ended. 28 February 2023. 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
6.29	3.38	15.47	(111)

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 2023.

Counterparty	Counterparty's country of establishment	TRS Underlying exposure £000's
Barclays Capital Securities Limited	UK	4,729
Citigroup Global Markets Limited (Euroclear)	UK	12,407
Goldman Sachs International	UK	10,924
HSBC Bank Plc	UK	10,758
Morgan Stanley & Co. International Plc	UK	1,205
UBS AG	Switzerland	5,736
Total		**45,759**

The value of securities on loan and associated collateral analysed by counterparty, as at 28 February 2023, is disclosed in the notes to the financial statements.

The following table provides an analysis of the maturity tenor of TRS as at 28 February 2023.

	Maturity Tenor					
	1 - 30 days £000's	31 - 90 days £000's	91 - 365 days £000's	More than 365 days £000's	Open transactions £000's	Total £000's
TRS	–	7,994	37,765	–	–	**45,759**

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 recallable 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 2023.

Currency	Cash collateral received £000's	Cash collateral posted £000's	Non-cash collateral received £000's	Non-cash collateral posted £000's
Securities lending transactions				
CAD	–	–	1,093	–
CHF	–	–	82	–
CNY	–	–	86	–
DKK	–	–	100	–
EUR	–	–	5,088	–
GBP	–	–	1,768	–
HKD	–	–	45	–
JPY	–	–	853	–
NOK	–	–	39	–
SEK	–	–	55	–
SGD	–	–	71	–
USD	–	–	1,862	–
Total	**–**	**–**	**11,142**	**–**

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 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 2023.

	Maturity Tenor						
Collateral type and quality	1 - 7 days	8 - 30 days	31 - 90 days	91 - 365 days	More than 365 days	Open transactions	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Collateral received - securities lending							
Fixed income							
Investment grade	–	–	–	902	6,176	–	**7,078**
Equities							
Recognised equity index	–	–	–	–	–	4,060	**4,060**
ETFs							
Non-UCITS	–	–	–	–	–	4	**4**
Total	**–**	**–**	**–**	**902**	**6,176**	**4,064**	**11,142**

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

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

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

As at 28 February 2023, 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 2023.

Issuer	Value £000's	% of the Fund's NAV
Merrill Lynch International	5,833	1.97
Barclays Capital Securities Ltd	3,970	1.34
UBS AG	525	0.18
Citigroup Global Markets Limited	392	0.13
J.P.Morgan Securities Plc	276	0.09
The Bank of Nova Scotia	134	0.05
HSBC Bank Plc	12	0.01
Total	**11,142**	**3.77**

Supplementary Information continued

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.

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 2023, the firm manages £7.35 trillion across asset classes in separate accounts, mutual funds, other pooled investment vehicles, and the industry-leading iShares® exchange-traded funds.

Through BlackRock Solutions®, the firm offers risk management and advisory services that combine capital markets expertise with proprietarily-developed analytics, systems, and technology.

BlackRock serves clients in North and South America, Europe, Asia, Australia, Africa, and the Middle East. Headquartered in New York, the firm maintains offices in over 35 countries around the world.

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