BlackRock.

Annual report and audited financial statements

BlackRock Growth and Recovery Fund

For the financial period from 11 April 2021 to 30 June 2022

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
W I Cullen*
D Edgar
B Harrison (Appointed 29 April 2021, resigned 19 August 2022)
A M Lawrence
H N Mepham
M T Zemek*

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

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

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

Authorised and regulated by the FCA.

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

Authorised and regulated by the FCA

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

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

This Report relates to the packaged products of and is issued by:
BlackRock Fund Managers Limited
12 Throgmorton Avenue, London EC2N 2DL
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For your protection, telephone calls are usually recorded.

* Non-executive Director.

About the Fund

BlackRock Growth and Recovery Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 1 July 1996 as 33 KWS Growth and Recovery Fund. It adopted its current name with effect from 28 April 2008. The Fund's FCA product reference number is 179233.

Assessment of value:

The FCA requires UK fund managers to complete an annual assessment of whether their UK authorised funds provide value for investors. Our assessment considers fund-and unit class-level performance, costs and charges, and service quality, concluding with an evaluation of whether investors receive value. BlackRock has fulfilled its obligations for the reporting requirement, including assessing relevant charges, and published the annual assessment of value statements on the BlackRock website on 29 October 2021 in a composite report for all funds managed by BlackRock Fund Managers Limited subject to these requirements. The next annual assessment is due for publication by the end of October 2022.

Fund Manager

As at 30 June 2022, the Fund Manager of the Fund is Matthew Betts.

Significant Events

Changes in the Directors of the Manager

B Harrison was appointed as a Director 29 April 2021.

Change to the Fund's year-end

The Manager's changed the year end of the Fund from 10 April to 30 June in order to align this offering to the other funds managed by BlackRock Fund Managers Limited. As a result, these financial statements are prepared for the extended financial period from 11 April 2021 to 30 June 2022. Please refer to the latest Prospectus for more detail.

Outbreak of COVID-19

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

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

Significant Events continued

Russian invasion of Ukraine

Certain financial markets have fallen during the financial period 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 objectives, and the operations of the Fund and the publication of net asset values are continuing.

Credit Facility

The Fund entered into a credit facility with JPMorgan whereby JPMorgan, together with other syndicated lenders, made a portion of a USD 475 million credit facility available to the Fund. The portion of the USD 475 million credit facility will be allocated to the Fund based on the credit facility agreement dated 23 April 2021. 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 period.

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

- The risk indicator was calculated incorporating 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.

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

Investment Report

for the financial period from 11 April 2021 to 30 June 2022

Investment Objective

The aim of the Fund is to provide a return on your investment (generated through an increase to the value of the assets held by the Fund and/or income received from those assets).

Comparator benchmark	Investment management approach
Numis Smaller Companies plus AIM ex-Investment Trusts Index	Active

Performance Summary

The following table compares the Fund's realised performance against the performance of the relevant comparator benchmark during the financial period 11 April 2021 to 30 June 2022.

The returns disclosed, based on close of business prices and calculated net of fees, are the performance returns for the primary unit class of the Fund which has been selected as a representative unit class. The primary unit class represents the class of unit which is the highest charging unit class, free of any commissions or rebates, and is freely available. Performance returns for any other unit class can be made available on request. The returns disclosed, may be different from the returns based on net asset value per unit as reported for financial statements purposes prepared under UK GAAP and SORP requirements, including the accounting policy for the valuation point at 12 noon, where the end of the accounting period on the balance sheet date is a business day.

	Fund return %	Comparator benchmark %
Class A Accumulation Units	(19.01)	(17.22)

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 2.79% (in GBP terms) for the fifteen months ended 30 June 2022. Amid a slowing economic recovery, both bonds and equities were pressured by persistently high inflation (rate of increase in the prices of goods and services), the spread of the Omicron variant of COVID-19 and moves towards monetary policy tightening from the world's largest central banks. Russia's invasion of Ukraine in February 2022 led to further uncertainty and disruption in financial markets. Sanctions imposed on Russia negatively impacted businesses with ties to the region and contributed to significant volatility (market ups and downs) in some commodity prices.

The US economy, powered by a surge in consumer spending and increased international trade, grew at a brisk pace in 2021, posting its highest annual growth rate since 1984. However, US gross domestic product contracted in the first quarter of 2022, raising recession concerns among investors. Japanese growth was uneven, as supply shortages and disruptions from the Russian invasion of Ukraine weighed on production and exports. The UK economy posted steady growth, rebounding in May 2022 from a slowdown in April 2022. Growth in the Eurozone slowed significantly in the fourth quarter of 2021 and the first quarter of 2022.

Emerging market economies were volatile, as fluctuating commodity prices and differing central bank policies led to significant variation in growth. The Chinese economy slowed while still growing at a solid pace amid regulatory shifts, concerns about the heavily indebted property sector, and renewed lockdowns on account of COVID-19 in the first half of 2022. India's economy rebounded strongly in the third quarter of 2021, driven by higher consumer spending, although growth slowed notably in the fourth quarter of 2021 and the first quarter of 2022.

As the global economy continued to recover from the effects of the COVID-19 pandemic and with inflation picking up, the world's largest central banks began to implement various measures aimed at monetary policy tightening. The US Federal Reserve ("the Fed") raised interest rates three times in an effort to control inflation, including a 75 basis points increase in June 2022, the first increase of that magnitude in 28 years. The Fed also ended its bond buying programmes and began reducing some of its accumulated bond holdings in June 2022.

The Bank of England raised interest rates five times, as inflation reached a forty year high. Despite relatively high inflation in the Eurozone, the European Central Bank ("ECB") maintained record low interest rates but indicated that it would begin raising interest rates in July 2022. Furthermore, the ECB also 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 significantly negative during the reporting period, particularly smaller stocks and growth stocks with relatively low earnings and following Russia's invasion of Ukraine in February 2022. While stocks performed well in the second half of 2021, inflation pressures amid supply chain constraints and tighter monetary policy from many central banks pressured equities, leading to steep declines beginning from January 2022. Globally, bonds and equities that factor in companies' environmental, social and governance ("ESG") characteristics attracted strong investor interest for most of the reporting period, although investors were net sellers of ESG products for the first time in May 2022. Bond issuance for ESG related projects grew to a record in 2021 amid strong investor demand before moderating in the first quarter of 2022.

Yields (which move inversely to prices) on the 10-year US Treasury, a benchmark lending rate for the global bond market, rose during the reporting period as inflation moved higher and investors anticipated further interest rate increases from the Fed. Yields also rose on most other government bonds, particularly UK gilts and European government bonds, while Japanese government bond yields rose more slowly.

Global corporate bond returns were negative overall, as yields rose substantially. As inflation concerns increased, investors' expectations for future interest rate increases, which reduce the value of existing bonds, intensified. Corporate bond prices fell globally as yield spreads (the difference in yield between government and corporate bonds with similar maturities) widened and investors reassessed credit conditions amid heightened uncertainty.

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

In the commodities market, supply and demand shifts induced by the COVID-19 pandemic and subsequent recovery led to significant volatility, with prices rising sharply following Russia's invasion of Ukraine before moderating late in the reporting period on growth concerns. Brent crude oil prices rose due to higher demand amid a rise in industrial output, and natural gas prices in Europe gained significantly amid concerns about supply disruptions from Russia. Gold prices were up slightly despite higher interest rates, which made non-interest-bearing investments relatively less attractive.

On the foreign currencies, the US dollar rose against most other global currencies, particularly as the Fed began tightening monetary policy in 2022. The Japanese yen reached its lowest point relative to the US dollar in 24 years, as inflation in Japan remained relatively restrained by comparison with other markets, which prompted the Bank of Japan to keep interest rates low. The euro and the sterling also fell versus the US dollar as investors saw the US dollar more insulated from geopolitical turmoil.

Fund Performance Review and Activity

Over the financial period from 11 April 2021 to 30 June 2022, the Fund's performance return was (19.01%) and the active return was (1.79%), regrettably underperforming its comparator benchmark which returned (17.22%) (active return is the difference between the Fund's return and the comparator benchmark return).

Please note, as the Fund and its comparator benchmark have differing valuation points, with the Fund being valued at noon and the benchmark receiving end of day valuation, for the purpose of fair comparison, we have used close of business returns calculated net of fees for both Fund and comparator benchmark.

The UK equity market was a notable outperformer versus other developed markets during the financial period where a number of emerging and strengthening headwinds served to put pressure on risk assets globally. These headwinds include the Omicron variant of COVID-19, Russia's invasion of Ukraine as well as a general increase in geopolitical tensions, rising inflation and interest rates, record high oil and gas prices, and recessionary fears. Within the UK market as a whole, there was divergence between the indices based on the size of companies they include. The large cap FTSE 100 index outperformed given its heavy weighting of defensive sectors and US dollar earners. Meanwhile, the small & mid-cap indices underperformed as a result of its UK domestic and consumer facing businesses biases which struggled against the backdrop of the ongoing cost of living crisis.

The Investment Manager believes that share prices during the period appear to have been driven by fears of recession rather than current trading at a company level. A significant proportion of the Fund's holdings have continued to trade well and deliver strong figures. Nonetheless, these shares have fallen sharply. For example Gamma Communications delivered multiple positive updates through the period, but the shares were weak along with many other UK small & mid cap names. Impax Asset Management has continued to see net inflows, but the shares have fallen due to wider stock market weakness.

During the financial period from 11 April 2021 to 30 June 2022, the following were the largest contributors to and detractors from the Fund's return relative to the comparator benchmark:

Largest Contributors		Largest Detractors	
Sector	**Effect on Fund return**	**Sector**	**Effect on Fund return**
Gulf Keystone Petroleum#	0.80%	Integrafin#	(1.17%)
Bloomsbury Publishing#	0.55%	Team17#	(0.58%)
Lok N Store#	0.46%	Gamma Communications#	(0.57%)
Chemring#	0.40%	Joules#	(0.49%)
Next Fifteen Communications#	0.40%	Avon Protection#	(0.48%)

Overweight position - holds more exposure than the benchmark.

One position worth highlighting is IntegraFin, a UK wealth management platform for advisers, which disappointed the market over their guidance for costs. The key feature of this business should be high levels of recurring (and growing) revenues, and this has indeed been true. However, the company has felt it necessary to take a step up in operating spend to deliver best in class service and therefore margins will fall back from the mid 40% range. This should not really change the fundamental long term investment case, but it is a disappointment given previous statements on cost control, and we have reduced the position accordingly.

On the positive side, the strength in the oil price benefitted most companies within the Energy sector, for example our holding in oil exploration and production business Gulf Keystone Petroleum, which also reported production in 2021 at the upper end of guidance.

30 June 2022		10 April 2021	
Sector	**Active Weighting**	**Sector**	**Active Weighting**
Consumer Discretionary	8.05%	Consumer Discretionary	8.62%
Technology	4.49%	Technology	3.22%
Telecommunications	3.20%	Telecommunications	2.55%

The following table details the significant active positions, where the Fund was overweight (held more exposure than the comparator benchmark) and underweight (held less exposure than the comparator benchmark), at 30 June 2022 and 10 April 2021:

Top overweight positions			
30 June 2022		**10 April 2021**	
Sector	**Active Weighting**	**Sector**	**Active Weighting**
Consumer Discretionary	8.05%	Consumer Discretionary	9.34%
Technology	4.49%	Technology	2.63%
Telecommunications	3.20%	Telecommunications	2.48%

Top underweight positions			
30 June 2022		**10 April 2021**	
Sector	**Active Weighting**	**Sector**	**Active Weighting**
Financials	(6.78%)	Real Estate	(3.19%)
Energy	(3.62%)	Health Care	(3.11%)
Consumer Staples	(3.61%)	Energy	(2.81%)

Where the Fund was underweight to a sector, the return from such sector will have an opposite effect on the Fund's active return. This may result in a sector being listed as a contributor/detractor but not listed on the Fund's Portfolio Statement.

During the period, the Investment Manager has used market volatility (market ups and downs) to add to some of our highest conviction holdings which detracted as a result of rising interest rate expectations and the wider sell-off in growth shares. For example we have added to CVS Group, Gamma Communications and Pets at Home.

Performance Record

Comparative Table

	A Income Units			A Accumulation Units		
	For the period from 11.4.2021 to 30.6.2022	For the year to 10.4.2021	For the year to 10.4.2020	For the period from 11.4.2021 to 30.6.2022	For the year to 10.4.2021	For the year to 10.4.2020
	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	1,073	674.1	704.7	1,368	856.8	884.9
Return before operating charges	(189.6)	411.6	(14.36)	(242.9)	522.8	(17.81)
Operating charges	(14.39)	(8.93)	(8.20)	(18.36)	(11.35)	(10.32)
Return after operating charges	(204.0)	402.7	(22.56)	(261.2)	511.4	(28.13)
Distributions	(14.46)	(3.45)	(8.04)	(18.32)	(4.43)	(10.10)
Retained distributions on accumulation units	N/A	N/A	N/A	18.32	4.43	10.10
Closing net asset value per unit	854.5	1,073	674.1	1,107	1,368	856.8
After direct transaction costs of	(2.02)	(1.62)	(1.79)	(2.58)	(2.05)	(2.25)
Performance						
Return after charges[1]	(19.01)%	59.74%	(3.20)%	(19.10)%	59.69%	(3.18)%
Other information						
Closing net asset value (£000's)	33,304	53,291	47,603	4,132	4,177	1,605
Closing number of units	3,897,340	4,964,805	7,061,740	373,308	305,321	187,338
Operating charges[2]	1.05%	1.07%	1.08%	1.05%	1.07%	1.08%
Direct transaction costs[3]	0.18%	0.19%	0.24%	0.18%	0.19%	0.24%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	1,375	1,158	961.3	1,752	1,472	1,211
Lowest bid unit price	865.9	653.5	530.9	1,106	830.5	669.0

[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 .
See note 12 for further details.

Distribution Tables

for the period ended 30 June 2022

Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 11 October 2021

Group 2 – Units purchased 11 October 2021 to 30 June 2022

	A Income Units		A Accumulation Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	11.9598	6.4337	15.1603	6.9363
Equalisation†	–	5.5261	–	8.2240
Distribution payable 31.8.2022	**11.9598**	**11.9598**	**15.1603**	**15.1603**
Distribution paid 10.6.2021	**2.4489**	**2.4489**	**3.1618**	**3.1618**

Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 11 April 2021

Group 2 – Units purchased 11 April 2021 to 10 October 2021

	A Income Units		A Accumulation Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	2.5000	0.0000	3.1586	0.0000
Equalisation†	–	2.5000	–	3.1586
Distribution paid 10.12.2021	**2.5000**	**2.5000**	**3.1586**	**3.1586**
Distribution paid 10.12.2020	**1.0000**	**1.0000**	**1.2686**	**1.2686**

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

Report on Remuneration

The below disclosures are made in respect of the remuneration policies of the BlackRock group (″BlackRock″), as they apply to BlackRock Fund Managers Limited (the ″Manager″). The disclosures are made in accordance with the 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 Financial Conduct Authority Handbook SYSC 19E: The UCITS Remuneration Code (the “UCITS Remuneration Code”), and COLL 4.5.7 R(7).

BlackRock’s UCITS Remuneration Policy (the “UCITS Remuneration Policy”) will apply to the EEA entities within the BlackRock group authorised as a manager of 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 the UCITS as implemented, retained and onshored in the UK.

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

Remuneration Governance

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

(a) MDCC

The MDCC’s purposes include:

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

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

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 8 meetings during 2021. The MDCC charter is available on BlackRock, Inc.'s website (www.blackrock.com).

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

(b) The Manager's Board

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

(c) 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. The head of each control function is either a member of the Global Executive Committee ("GEC"), the global management committee, or has a reporting obligation to the board of directors of BlackRock Group Limited, the parent company of all of BlackRock's EMEA regulated entities, including the Manager.

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

Link between pay and performance

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

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

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

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

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

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- factors relevant to an employee individually; relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);

- the management of risk within the risk profiles appropriate for BlackRock's clients;
- strategic business needs, including intentions regarding retention;
- market intelligence; and
- criticality to business.

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

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

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.

[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).

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

Identified Staff

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

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

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

Quantitative Remuneration Disclosure

The Manager is required under 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.

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

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

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

The amount of the total remuneration awarded by the Manager to its staff which has been attributed to the Manager’s UCITS-related business in respect of the Manager’s financial year ending 31 December 2021 is GBP 26.0 million. This figure is comprised of fixed remuneration of GBP 2.1 million and variable remuneration of GBP 23.9 million. There were a total of 87 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the Manager, which has been attributed to the Manager’s UCITS-related business in respect of the Manager’s financial year ending 31 December 2021, to its senior management was GBP 0.1 million, and to other members of its staff whose actions have a material impact on the risk profile of the Fund was GBP 25.9 million.

Portfolio Statement

at 30 June 2022

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
EQUITIES – 98.46%; 10.4.2021 99.93%			
Advertising – 2.70%; 10.4.2021 2.08%			
62,369	Next Fifteen Communications	556	1.48
480,077	Pebble	456	1.22
		1,012	**2.70**
Aerospace & Defence – 1.76%; 10.4.2021 0.00%			
208,356	Chemring	**658**	**1.76**
Automobile Parts & Equipment – 0.58%; 10.4.2021 0.68%			
70,665	Quartix Technologies	**219**	**0.58**
Banks – 0.00%; 10.4.2021 1.85%			
Beverages – 2.46%; 10.4.2021 4.93%			
100,329	Fuller Smith & Turner	600	1.60
11,289	Young & Co's Brewery	129	0.34
27,373	Young & Co's Brewery	195	0.52
		924	**2.46**
Biotechnology – 0.97%; 10.4.2021 1.24%			
36,907	Anpario	185	0.49
44,468	MaxCyte	178	0.48
		363	**0.97**
Building Materials – 4.25%; 10.4.2021 3.56%			
1,125,064	Breedon	654	1.75
72,766	Genuit	276	0.74
721,857	SigmaRoc	394	1.05
112,517	Tyman	264	0.71
		1,588	**4.25**
Chemicals – 2.59%; 10.4.2021 2.50%			
100,786	Treatt	757	2.02
77,542	Zotefoams	214	0.57
		971	**2.59**
Commercial Services – 11.65%; 10.4.2021 9.53%			
34,068	4imprint	787	2.10
147,519	Alpha Financial Markets Consulting	561	1.50
16,587	Dynamics	190	0.51
279,913	Johnson Service	275	0.73
205,883	QinetiQ	751	2.01
74,146	Restore	319	0.85
117,227	Robert Walters	546	1.46
106,982	SThree	372	0.99
67,487	YouGov	560	1.50
		4,361	**11.65**
Computers – 3.61%; 10.4.2021 4.77%			
140,223	Bytes Technology	583	1.56
539,835	Eckoh	216	0.58
33,138	GB	133	0.36
241,302	Serco	415	1.11
		1,347	**3.61**
Cosmetics & Personal Care – 0.00%; 10.4.2021 0.59%			
Distribution & Wholesale – 0.00%; 10.4.2021 0.49%			
Diversified Financial Services – 8.38%; 10.4.2021 10.16%			
282,283	FRP Advisory	432	1.15
73,988	Impax Asset Management	444	1.19
226,451	IntegraFin	499	1.33
22,614	Liontrust Asset Management	212	0.57
35,032	Mortgage Advice Bureau	305	0.81
88,245	OSB	423	1.13
51,419	Polar Capital	261	0.70
155,640	Tatton Asset Management	562	1.50
		3,138	**8.38**
Electrical Components & Equipment – 0.00%; 10.4.2021 0.00%			
340,190	Vitec Global[1]	**–**	**0.00**
Electricity – 1.51%; 10.4.2021 1.21%			
19,823	XP Power	**566**	**1.51**
Electronics – 4.72%; 10.4.2021 6.45%			
55,836	DiscoverIE	343	0.92
103,424	Luceco	103	0.27
43,520	Oxford Instruments	845	2.26
276,406	TT Electronics	476	1.27
		1,767	**4.72**
Engineering & Construction – 2.43%; 10.4.2021 1.97%			
253,059	Kier	172	0.46
19,667	Morgan Sindall	354	0.95
60,872	Renew	382	1.02
		908	**2.43**
Entertainment – 0.53%; 10.4.2021 1.58%			
189,002	Everyman Media	**198**	**0.53**
Food Producers – 1.05%; 10.4.2021 1.04%			
13,033	Cranswick[Ø]	**394**	**1.05**
Hand & Machine Tools – 0.00%; 10.4.2021 0.78%			
Healthcare Products – 1.43%; 10.4.2021 1.04%			
115,808	Advanced Medical Solutions	340	0.91

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
74,815	Inspecs	195	0.52
		535	**1.43**
Home Builders – 0.00%; 10.4.2021 0.78%			
Housewares – 0.00%; 10.4.2021 0.70%			
Insurance – 0.64%; 10.4.2021 1.80%			
71,386	Conduit	**238**	**0.64**
Internet – 6.31%; 10.4.2021 2.54%			
81,247	Auction Technology	746	1.99
408,248	Baltic Classifieds	531	1.42
12,686	Future[Ø]	212	0.57
269,133	Moneysupermarket.com	461	1.23
179,939	Moonpig	411	1.10
		2,361	**6.31**
Leisure Time – 0.89%; 10.4.2021 0.83%			
163,523	TEN Entertainment	**334**	**0.89**
Media – 1.72%; 10.4.2021 1.32%			
167,804	Bloomsbury Publishing	**644**	**1.72**
Mining – 1.24%; 10.4.2021 1.60%			
203,744	Central Asia Metals	**463**	**1.24**
Miscellaneous Manufacturing – 0.00%; 10.4.2021 1.03%			
Oil & Gas Producers – 3.14%; 10.4.2021 2.07%			
241,997	Diversified Energy	269	0.72
163,574	Gulf Keystone Petroleum	431	1.15
318,400	Longboat Energy	121	0.32
123,487	Serica Energy	354	0.95
		1,175	**3.14**
Oil & Gas Services – 1.10%; 10.4.2021 0.00%			
176,158	Hunting	**412**	**1.10**
Pharmaceuticals – 6.23%; 10.4.2021 4.39%			
388,425	Alliance Pharma	436	1.16
72,226	CVS	1,186	3.17
71,603	Ergomed	713	1.90
		2,335	**6.23**
Private Equity – 0.00%; 10.4.2021 1.07%			
Real Estate Investment & Services – 3.70%; 10.4.2021 2.11%			
255,791	CLS	517	1.38
36,520	Lok'nStore	336	0.90
584,515	Sirius Real Estate	530	1.42
		1,383	**3.70**
Real Estate Investment Trusts – 1.85%; 10.4.2021 1.19%			
119,348	Workspace	**692**	**1.85**
Retail – 6.39%; 10.4.2021 9.03%			
168,951	City Pub	135	0.36
74,211	Grafton	567	1.51
115,019	Halfords	161	0.43
221,266	Pets at Home	666	1.78
115,179	Watches of Switzerland	866	2.31
		2,395	**6.39**
Software – 6.46%; 10.4.2021 6.11%			
323,576	Alfa Financial Software	490	1.31
437,526	Boku	438	1.17
299,289	Learning Technologies	332	0.89
496,546	Oxford Metrics	521	1.39
165,421	Team17	637	1.70
		2,418	**6.46**
Telecommunications – 6.26%; 10.4.2021 5.56%			
45,769	accesso Technology	276	0.74
89,396	Gamma Communications	978	2.61
24,155	Gooch & Housego	211	0.56
358,115	Spirent Communications	880	2.35
		2,345	**6.26**
Toys, Games & Hobbies – 0.66%; 10.4.2021 1.35%			
3,743	Games Workshop[Ø]	**246**	**0.66**
Transportation – 1.25%; 10.4.2021 0.00%			
15,632	Clarkson	**469**	**1.25**
COLLECTIVE INVESTMENT SCHEMES – 2.60%; 10.4.2021 0.93%			
Short-term Money Market Funds – 2.60%; 10.4.2021 0.93%			
9,752	BlackRock ICS Sterling Environmentally Aware Fund - Agency Income Class[†]	**975**	**2.60**
Portfolio of investments		**37,834**	**101.06**
Net other liabilities		(398)	(1.06)
Total net assets		**37,436**	**100.00**

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

[1] Security fair valued by Manager at zero.

[Ø] All or a portion of this investment represents a security on loan.

[†] Managed by a related party.

Statement of Total Return

for the financial period from 11 April 2021 to 30 June 2022

	Notes	£000's	For the period from 11.4.2021 to 30.6.2022 £000's	£000's	For the year to 10.4.2021 £000's
Income					
Net capital (losses)/gains	3		(10,054)		26,190
Revenue	4	1,416		830	
Expenses	5	(706)		(582)	
Net revenue before taxation		710		248	
Taxation	6	(6)		(22)	
Net revenue after taxation			704		226
Total return before distributions			(9,350)		26,416
Distributions	7		(705)		(226)
Change in net assets attributable to unitholders from investment activities			**(10,055)**		**26,190**

Statement of Change in Net Assets Attributable to Unitholders

for the financial period from 11 April 2021 to 30 June 2022

	£000's	For the period from 11.4.2021 to 30.6.2022 £000's	£000's	For the year to 10.4.2021 £000's
Opening net assets attributable to unitholders		57,468		49,208
Amounts receivable on issue of units	10,231		2,513	
Amounts payable on cancellation of units	(20,279)		(20,455)	
		(10,048)		(17,942)
Change in net assets attributable to unitholders from investment activities		(10,055)		26,190
Retained distribution on accumulation units		71		12
Closing net assets attributable to unitholders		**37,436**		**57,468**

Balance Sheet
at 30 June 2022

	Notes	30.6.2022 £000's	10.4.2021 £000's
Assets:			
Fixed assets			
– Investment assets		37,834	57,961
Current assets			
– Debtors	8	121	1,384
– Cash and bank balances		170	116
Total assets		**38,125**	**59,461**
Liabilities:			
Creditors			
– Distributions payable		(466)	(121)
– Other creditors	9	(223)	(1,872)
Total liabilities		**(689)**	**(1,993)**
Net assets attributable to unitholders		**37,436**	**57,468**

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
30 August 2022

Notes to Financial Statements

for the period ended 30 June 2022

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.

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.

All REIT dividend revenue is recognised on an accruals basis.

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.

(b) 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.

(c) 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.

(d) 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.

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

(f) 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.

(g) Where the end of the accounting period/year on the Balance Sheet date is a business day, the valuation point is 12 noon, and where the end of the accounting period/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.

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

(h) 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.

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

(j) Cash and bank balances consist of deposits held on call with banks and cash held with clearing brokers and counterparties.

Distribution Policies

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

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

(m) 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.

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 Funds 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 equities.

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 a 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 Funds 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 30 June 2022 and 10 April 2021 based on a 99% confidence level was 3.40% and 2.42% 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.

Management of foreign currency risk

The net assets of the Fund are denominated mainly in Sterling, therefore the Balance Sheet and Statement of Total Return are unlikely to be directly affected by currency movements.

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 the market price of its investments.

The Fund is exposed to market 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 its investment objectives.

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 of the Fund is minimised. The investment concentrations within the portfolio are disclosed in the Portfolio Statement of the Fund by investment type.

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. 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.

As at 30 June 2022 and 10 April 2021, no interest bearing investments were held by the Fund, hence no interest rate risk exposure table has been presented.

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.

iv) Counterparty credit risk

Exposure to counterparty credit risk

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

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

Management of counterparty credit risk

Counterparty credit risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk Team. The team is headed by BlackRock's Chief Counterparty Credit Officer who reports directly to the Global Head of RQA. 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.

v) Trustee and Custodian

The Fund's Trustee is BNY Mellon Trust & Depositary (UK) Limited (the "Trustee"). The Trustee has delegated the function of custodian of the property of the Fund to The Bank of New York Mellon (International) Limited (the "Custodian").

Substantially all of the investments other than Financial Derivative Instruments ("FDIs") of the Fund are held by the Custodian at period 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 of the Fund.

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 30 June 2022 was A (10 April 2021:AA-) (Standard & Poor's rating).

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 BNY Mellon Trust & Depositary (UK) Limited ("the Depositary") on behalf of the Fund. Collateral received is segregated from the assets belonging to the Fund's Depositary 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.

		30 June 2022		10 April 2021	
Counterparty	Counterparty's country of establishment	Securities on loan £000's	Collateral received £000's	Securities on loan £000's	Collateral received £000's
Morgan Stanley & Co. International Plc	UK	596	631	–	–
UBS AG	Switzerland	238	270	–	–
Total		**834**	**901**	**–**	**–**

At 30 June 2022, collateral received from these borrowing counterparties comprised of 64.26% in debt securities and 35.74% in equity securities (10 April 2021: N/A).

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 30 June 2022 and 10 April 2021, 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.

(b) 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
30 June 2022				
Investment assets	36,859	975	–#	37,834
Investment liabilities	–	–	–	–
10 April 2021				
Investment assets	57,372	589	–	57,961
Investment liabilities	–	–	–	–

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

(c) Global exposure

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

The Manager uses a methodology known as the Commitment Approach in order to measure the global exposure of the Funds. The Commitment Approach is a methodology that aggregates the underlying market or notional values of FDIs to determine the degree of global exposure of the Funds to FDIs. In accordance with the COLL Sourcebook, global exposure for a fund utilising the Commitment Approach must not exceed 100% of the Fund's NAV. The calculation of global exposure represents only one element of the Funds risk management processes and in that respect the Manager will continue to report VaR as a market risk measure to the Board of Directors.

The Fund did not hold any FDIs at 30 June 2022 and 10 April 2021.

3. Net Capital (Losses)/Gains

	For the period from 10.4.2021 to 30.6.2022 £000's	For the year to 10.4.2021 £000's
The net capital (losses)/gains comprise:		
(Losses)/gains on non-derivative securities	(10,045)	26,210
Currency losses	–	(1)
Custodian transaction costs	(9)	(19)
Net capital (losses)/gains	**(10,054)**	**26,190**

4. Revenue

	For the period from 10.4.2021 to 30.6.2022 £000's	For the year to 10.4.2021 £000's
Overseas dividends	392	130
Revenue from short-term money market funds	–	2
Stock dividends	30	90
UK dividends	969	567
UK REIT dividends	25	41
Total revenue	**1,416**	**830**

5. Expenses

	For the period from 10.4.2021 to 30.6.2022 £000's	For the year to 10.4.2021 £000's
Payable to the Manager or associates of the Manager:		
– Annual service charge	1	–
– Manager's charge	682	559
	683	559
Other expenses:		
– Audit fee	9	7
– Legal and other professional fees	–	–
– Safe custody fees	–	3
– Trustee's fees	14	13
	23	23
Total expenses	**706**	**582**

6. Taxation

(a) Analysis of tax charge

	For the period from 10.4.2021 to 30.6.2022 £000's	For the year to 10.4.2021 £000's
Overseas tax	6	22
Total tax charge [see note 6(b)]	**6**	**22**

6. Taxation continued

(b) Factors affecting the tax charge

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

	For the period from 10.4.2021 to 30.6.2022 £000's	For the year to 10.4.2021 £000's
Net revenue before taxation	710	248
Corporation tax at 20% (10 April 2021: 20%)	142	50
Effects of:		
Movement in unrecognised excess management expenses	136	108
Overseas tax	6	22
Revenue not subject to tax	(278)	(158)
Total tax charge [see note 6(a)]	**6**	**22**

At 30 June 2022, the Fund had surplus management expenses of £15,833,000 (10 April 2021: £15,154,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, a deferred tax asset of £3,167,000 (10 April 2021: £3,031,000) has not been recognised

7. Distributions

	For the period from 10.4.2021 to 30.6.2022 £000's	For the year to 10.4.2021 £000's
Interim distribution	124	69
Final distribution	522	131
	646	200
Add: Amounts deducted on cancellation of units	106	28
Add: Amounts received on issue of units	(47)	(2)
Distributions	**705**	**226**
The distributable amount has been calculated as follows:		
Net revenue after taxation	704	226
Add: Other expenses reimbursed by capital	1	–
Distributions	**705**	**226**

Details of the interim and final distributions per unit are set out in the tables on page 10.

8. Debtors

	30.6.2022 £000's	10.4.2021 £000's
Accrued revenue	89	96
Amounts receivable for issue of units	1	112
Overseas tax recoverable	9	–
Sales awaiting settlement	22	1,176
Total debtors	**121**	**1,384**

9. Other Creditors

	30.6.2022 £000's	10.4.2021 £000's
Accrued Audit fee	8	7
Accrued Manager's charge	154	163
Accrued Safe custody fees	–	1
Accrued Trustee's fee	3	4
Amounts payable for cancellation of units	11	774
Custodian transaction costs	2	13
Purchases awaiting settlement	45	910
Total other creditors	**223**	**1,872**

10. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (10 April 2021: £Nil).

11. Related Parties

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

The following entities were related parties of the Fund during the period ended 30 June 2022:

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 7.

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

11. Related Parties continued

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 30 June 2022 and 10 April 2021, 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.

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

12. Portfolio Transaction Costs

For the period ended 30 June 2022

		Direct Transaction Costs			
Purchases (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	22,747	15	0.07	61	0.27
Total purchases	**22,747**	**15**		**61**	
Total purchases including transaction costs	**22,823**				

		Direct Transaction Costs			
Sales (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	33,393	24	0.07	1	0.00
Total sales	**33,393**	**24**		**1**	
Total sales net of transaction costs	**33,368**				
Total transaction costs		**39**		**62**	
Total transaction costs as a % of average net assets		**0.07%**		**0.11%**	

12. Portfolio Transaction Costs continued

For the year ended 10 April 2021

		Direct Transaction Costs			
Purchases (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	23,670	15	0.06	61	0.26
Total purchases	**23,670**	**15**		**61**	
Total purchases including transaction costs	**23,746**				

		Direct Transaction Costs			
Sales (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	40,392	32	0.08	1	0.00
Total sales	**40,392**	**32**		**1**	
Total sales net of transaction costs	**40,359**				
Total transaction costs		**47**		**62**	
Total transaction costs as a % of average net assets		**0.08%**		**0.11%**	

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

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 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.

Dealing spread costs suffered 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 0.89% (10 April 2021: 1.23%).

13. Units in Issue

The movement in units in issue for the period from 11 April 2021 to 30 June 2022 is as follows:

	A Income Units	A Accumulation Units
Balance at the beginning of the period	4,964,805	305,321
Issued during the period	491,536	332,352
Cancelled during the period	(1,559,001)	(264,365)
Balance at the end of the period	**3,897,340**	**373,308**

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.

14. Post Balance Sheet Events

B Harrison resigned as a Director effective 19 August 2022.

Apart from the above there have been no other significant events subsequent to the period end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the period ended 30 June 2022.

Statement of Manager's Responsibilities

The Manager is required by the rules of the COLL Sourcebook to prepare the financial statements for each financial period/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 period end and of the net revenue and net gains for the period. 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 Period Ended 30 June 2022

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
30 August 2022

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Independent Auditor's Report to the Unitholders of BlackRock Growth and Recovery Fund

Opinion

We have audited the financial statements of BlackRock Growth and Recovery Fund (the "Fund") for the period ended 30 June 2022, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting and distribution policies of the Fund set out on pages 21 to 22, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 30 June 2022 and of the net revenue and the net capital losses on the scheme property of the Fund for the period then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor' 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.

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Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the ″FCA″)

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 35, 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, the Investment Management Association Statement of Recommended practice (the "IMA SORP"), the FCA Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrators. We corroborated our enquiries through our 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 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.

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Use of our report

This report is made solely to the Fund's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor

Edinburgh
30 August 2022

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, the Prospectus, as amended from time to time, and the ESMA Guidelines (as adopted by the FCA), employ techniques and instruments relating to transferable securities. These include repurchases/reverse repurchase transactions (“repo transactions”) and securities lending, provided that such techniques and instruments are used for efficient portfolio management purposes.

Securities Lending

The total value of securities on loan as a proportion of the Fund’s NAV and total lendable assets, as at the Balance Sheet date, is 2.23% and 2.32% respectively. 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.

Securities on loan	
% of lendable assets	% of NAV
2.32	2.23

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 period by the Fund from securities lending transactions is disclosed in the notes to the financial statements.

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, as at 30 June 2022:

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				
AUD	–	–	2	–
CAD	–	–	1	–
CHF	–	–	12	–
CNY	–	–	7	–
EUR	–	–	368	–
GBP	–	–	121	–
HKD	–	–	5	–
JPY	–	–	18	–
SEK	–	–	2	–
SGD	–	–	1	–
USD	–	–	364	–
Total	**–**	**–**	**901**	**–**

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions 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, as at 30 June 2022:

	Maturity Tenor						
Collateral type and quality	1 - 7 days £000's	8 - 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
Collateral received - securities lending							
Fixed income							
Investment grade	–	–	117	114	348	–	**579**
Equities							
Recognised equity index	–	–	–	–	–	322	**322**
Total	**–**	**–**	**117**	**114**	**348**	**322**	**901**

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 or posted as collateral is based on the respective contractual maturity date, while for equity securities received as collateral are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 June 2022, all non-cash collateral received by the Fund in respect of securities lending transactions 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) of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions as at 30 June 2022.

Issuer	Value £000's	% of the Fund's NAV
Morgan Stanley & Co. International Plc	631	1.69
UBS AG	270	0.72
Total	**901**	**2.41**

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 period 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 30 June 2022, the firm manages £7.02 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.

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