Annual report and audited financial statements

BlackRock UK Absolute Alpha Fund

For the financial year ended 28 February 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)
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
Telephone: 020 7743 3000
Dealing and Investor Services: 0800 44 55 22
blackrock.co.uk

For your protection, telephone calls are usually recorded.

* Non-executive Director.

About the Fund

BlackRock UK Absolute Alpha Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 25 April 2005 and was authorised by the FCA on 29 April 2005. The Fund's FCA product reference number is 429038.

Assessment of value

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

Fund Managers

As at 28 February 2022, the Fund Managers of the Fund are Nigel Ridge and Richard Wingfield.

Significant Events

Changes in the Directors of the Manager

B Harrison was appointed as a Director effective 29 April 2021.

Outbreak of COVID-19

The infectious respiratory illness caused by a novel coronavirus known as COVID-19 has had a profound impact on all aspects of society in recent years. The impact of this significant event on the Fund's financial risk exposure is disclosed in Note 2.

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

Annual Service Charge

Effective 30 June 2021, the Annual Service Charge levied against the Fund in respect to the servicing of unitholders was reduced. The new rates are shown in the Prospectus dated 13 December 2021.

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 year.

Significant Events continued

Russian invasion of Ukraine

Certain financial markets have fallen towards the end of the financial year 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 Board and the Manager continue to monitor investment performance in line with the Fund's investment objectives.

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
P Accumulation	1	2	3	**4**	5	6	7
D Accumulation	1	2	3	**4**	5	6	7
S Income	1	2	3	**4**	5	6	7
S Accumulation	1	2	3	**4**	5	6	7

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

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

Investment Report

for the year ended 28 February 2022

Investment Objective

The aim of the Fund is to provide a positive absolute return on your investment (i.e. an increase in the overall value of the Fund) (gross of fees) over any 12 month period regardless of market conditions. The Fund's target, which is used in the calculation of performance fees after all other fees, is to have a return greater than 3 Month SONIA compounded in arrears plus 11.9 basis point spread over the relevant 12 month period.

Comparator benchmark	Investment management approach
3 Month SONIA compounded in arrears plus 11.9 basis points spread	Active

Performance Summary

The following table compares the Fund's realised performance against the performance of the relevant comparator benchmark during the financial year ended 28 February 2022.

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

	Fund return %	Comparator benchmark* %
Class D Accumulation Units	3.77	0.15

* Effective 13 December 2021, to comply with the FCA requirement to transition from London Interbank Offered rate (LIBOR) to an Alternative Reference Rate (ARR), the Directors determined that the Fund would move to a 3 Month Sterling Overnight Index Average (SONIA) compounded in arrears plus 11.9 basis points spread as an alternative to LIBOR. The benchmark performance return presented for the financial year is a blended return which is a combination of the new and the old benchmark.

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"), posted a return of 12.34% (in British pound sterling terms) for the twelve months ended 28 February 2022. A continued recovery in consumer spending and the implementation of COVID-19 vaccination programmes led to solid economic growth during the twelve-month period. However, the surge in spending on goods and imbalances between supply and demand drove significant global inflation (rate of increase in the prices of goods and services), and the spread of highly contagious variants of COVID-19, led to setbacks in the recovery. Late in the reporting period, Russia's invasion of Ukraine drove further uncertainty in financial markets. Sanctions imposed on Russia negatively impacted businesses with ties to the region and prompted concerns about further rises in commodity prices, including energy, where Russia is one of the world's notable exporters.

The US economy, powered by a surge in consumer spending and increased international trade, grew at a fast pace in 2021, posting its highest annual growth rate since 1984. However, Japanese growth was slow, as a semiconductor shortage hindered production in its electronics and automobile industries. The UK economy contracted early in 2021 before returning to growth for the remainder of 2021, amid an increase in COVID-19 vaccinations. The Eurozone briefly entered a mild recession in early 2021 but grew modestly throughout the period.

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

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

The Bank of England raised interest rates twice, as inflation reached a thirty-year high. Inflation pressure also affected the Eurozone, and while the European Central Bank ("ECB") maintained record low interest rates, it also shifted its tone by acknowledging the persistence of high inflation.

Global equity performance was mixed during the reporting period, with significant variation by size and region. The implementation of COVID-19 vaccination programmes early in the period provided a strong boost to equities. However, continued inflation pressure, amid supply chain constraints and tighter monetary policy from many central banks pressured equities in the second half of the reporting period. Equities in the US generally posted higher returns than equities in Europe, where economic growth was slower. Rising interest rates and increased uncertainty meant that the equities of larger companies generally performed better than those of smaller, growth-oriented companies. Globally, bonds and equities that factor in companies' environmental, social, and governance ("ESG") characteristics continued to attract strong investor interest. Bond issuance for ESG-related projects grew to a record in 2021 amid rising investor demand and inflows into ESG equity funds also increased, particularly in US and Asian markets.

Global corporate bond returns were negative overall, as yields (which move inversely to prices) rose. As inflation concerns increased, investors' expectations for future interest rate increases, which reduce the value of existing bonds, ramped up. 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.

Yields on the 10-year US Treasury, a benchmark lending rate for the global bond market, rose significantly during the reporting period amid higher inflation and investors' expectations for future Fed interest rate increases. Yields also rose on most other government bonds, particularly UK gilts and government bonds from Europe, while Japanese government bond yields rose more slowly.

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 Brazil and Mexico, raised interest rates in response to heightened inflation. In China, an abrupt regulatory shift, targeting companies in the technology, education, and gaming industries, further impacted equities negatively. Late in the reporting period, Russian equities declined significantly and the Moscow Exchange halted trading in the wake of Russia's invasion of Ukraine. Emerging market bond prices declined sharply, partly as a result of Russia's invasion of Ukraine near the end of the reporting period.

In the commodities market, supply and demand shifts induced by the COVID-19 pandemic and subsequent recovery led to a notable rise in many commodity prices. Energy commodities, which had fallen sharply in value at the beginning of the COVID-19 pandemic, rebounded due to higher demand amid a rise in industrial output, and Brent crude oil, natural gas and coal prices all rose. Sanctions on Russia further exacerbated concerns surrounding supply constraints in oil and gas commodity markets late in the reporting period. The prices of other commodities associated with Russia and Ukraine, including wheat and nickel, also rose notably. Gold prices rose as investors sought a store of value amid high inflation and geopolitical instability.

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

Fund Performance Review and Activity

Over the financial year to 28 February 2022, the Fund's return was 3.77%, outperforming its comparator benchmark which returned 0.15%.

The Fund is managed on an absolute return basis and not relative to any benchmark. The return of the comparator benchmark is given for reference purposes only.

2021 presented a number of challenges for investors. Strong COVID-19 vaccination programmes in the developed economies and strong earnings results provided support for equities. However, markets remained sensitive to inflation indicators and policy makers became more hawkish (in favour of higher interest rates) as the year progressed implying that inflation was not as temporary in nature as expected at the start of the year. This theme continued into the first few months of 2022, with markets experiencing a sharp move away from growth-oriented shares into value and cyclical oriented shares. At the end of the period global markets were further impacted by the news of Russia's invasion of Ukraine and the Western response.

Our exposure to Consumer Discretionary and Consumer Staples fared well, while our exposure to Real Estate and our Index Derivatives positions fared poorly.

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

Largest Contributors		Largest Detractors	
Stock	**Effect on Fund return**	**Stock**	**Effect on Fund return**
RELX	1.81%	Consumer Staples[Ø]	(0.83%)
Tesco	1.37%	Consumer Staples[Ø]	(0.64%)
British American Tobacco	1.37%	Healthcare[Ø]	(0.64%)
Astrazeneca	1.36%	Financial Services[Ø]	(0.63%)
Shell	1.23%	Industrials[Ø]	(0.45%)

Ø Where short positions are noted as contributors or detractors, they are anonymised and described by their sector only.

The top contributor to the Fund performance for the year was the long position in RELX. The company delivered strong interim results and upgraded its outlook for three out of four key divisions which are Risk, Legal and STM (Scientific, Technical and Medical). The second contributor to performance was the long position in Tesco which outperformed the wider supermarket industry during the period, benefitting from earnings upgrades. The shares also reacted positively to Mergers & Acquisitions ("M&A") interest in the supermarket industry, with the competitive bid process for Morrison taking place in the summer and press speculation of wider private equity interest in the sector.

A short position in a UK supermarket was the top detractor. While the company had experienced a negative share price reaction to the end of April trading statement, the share price subsequently recovered as the market focused on cash flow upgrades from its general retailing subsidiary.

The following table details the significant portfolio weightings at 28 February 2022 and 28 February 2021:

28 February 2022		28 February 2021	
Sector	**Gross Exposure**	**Sector**	**Gross Exposure**
Consumer Discretionary	24.57%	Consumer Services	30.09%
Industrials	23.05%	Industrials	23.44%
Consumer Staples	20.25%	Financials	18.84%
Financials	14.58%	Index Derivatives	17.27%
Basic Materials	7.78%	Consumer Goods	14.89%

The Fund's net exposure to the market was operating at the top of its typical range of 10-20%, averaging 22%. Given the economic uncertainty from the COVID-19 pandemic, our net position has been dynamically managed through the increased use of pair trades (a trading strategy that involves matching a long position with a short position in two stocks with a high correlation), recognising relative winners and losers on an industry level. The majority of the Fund's risk was attributed to individual company characteristics rather than being overly exposed to favourable styles such as "growth" or "value". Whilst this decision was an opportunity cost in 2021, it has rewarded the Fund through quarter four and the first two months of 2022. The Fund's gross exposure steadily rose from 121% to end the period at 144%.

Performance Record

Comparative Table

	A Income Units			A Accumulation Units		
	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 29.2.2020	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 29.2.2020
	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	155.4	160.3	154.6	162.5	167.6	161.6
Return before operating charges	8.54	(1.82)	8.78	8.89	(1.93)	9.17
Operating charges	(3.02)	(3.05)	(3.06)	(3.16)	(3.19)	(3.20)
Return after operating charges	5.52	(4.87)	5.72	5.73	(5.12)	5.97
Distributions	(0.35)	0.00	(0.01)	(0.37)	0.00	(0.01)
Retained distributions on accumulation units	N/A	N/A	N/A	0.37	N/A	0.01
Closing net asset value per unit	160.6	155.4	160.3	168.2	162.5	167.6
After direct transaction costs of	(0.02)	0.00	(0.01)	(0.02)	0.00	(0.01)
Performance						
Return after charges[1]	3.55%	(3.04)%	3.70%	3.53%	(3.05)%	3.69%
Other information						
Closing net asset value (£000's)	32	31	34	371	400	378
Closing number of units	20,059	20,059	21,222	220,617	246,153	225,533
Operating charges[2]	1.91%	1.94%	1.93%	1.91%	1.94%	1.93%
Direct transaction costs[3]	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	169.1	169.1	172.9	177.2	176.8	180.7
Lowest bid unit price	155.9	149.2	153.3	163.0	155.9	160.2

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

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

[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity and debt instruments. See note 15 for further details.

Performance Record continued

Comparative Table continued

	P Accumulation Units			D Accumulation Units		
	For the year to 28.2.2022	**For the year to 28.2.2021**	**For the year to 29.2.2020**	**For the year to 28.2.2022**	**For the year to 28.2.2021**	**For the year to 29.2.2020**
	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	140.7	144.8	139.8	151.1	154.3	148.4
Return before operating charges	7.52	(1.71)	7.36	7.65	(1.76)	7.33
Operating charges	(2.38)	(2.40)	(2.41)	(1.42)	(1.43)	(1.42)
Return after operating charges	5.14	(4.11)	4.95	6.23	(3.19)	5.91
Distributions	(0.50)	0.00	(0.07)	(0.95)	(0.08)	(0.18)
Retained distributions on accumulation units	0.50	N/A	0.07	0.95	0.08	0.18
Closing net asset value per unit	145.8	140.7	144.8	157.3	151.1	154.3
After direct transaction costs of	(0.01)	0.00	(0.01)	(0.01)	0.00	(0.01)
Performance						
Return after charges[1]	3.65%	(2.84)%	3.54%	4.12%	(2.07)%	3.98%
Other information						
Closing net asset value (£000's)	36,571	40,876	48,675	43,789	94,624	124,262
Closing number of units	25,076,339	29,053,957	33,626,812	27,833,140	62,620,961	80,529,444
Operating charges[2]	1.66%	1.69%	1.68%	0.92%	0.94%	0.93%
Direct transaction costs[3]	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee[4]	0.13%	0.00%	0.39%	0.39%	0.00%	0.77%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	153.5	152.7	155.2	157.6	155.4	157.5
Lowest bid unit price	141.1	134.7	138.6	151.5	143.7	147.2

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

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

3 Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity and debt instruments. See note 15 for further details.

4 A performance fee is payable in respect of Class P Accumulation and D Accumulation units with regards to any outperformance as per the calculation methodology outlined in the Prospectus.

Performance Record continued

Comparative Table continued

	S Income Units			S Accumulation Units		
	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 29.2.2020	For the year to 28.2.2022	For the year to 28.2.2021	For the year to 29.2.2020
	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	109.9	112.2	108.1	110.4	112.6	108.3
Return before operating charges	5.49	(1.27)	5.24	5.54	(1.26)	5.29
Operating charges	(0.94)	(0.95)	(0.93)	(0.95)	(0.96)	(0.95)
Return after operating charges	4.55	(2.22)	4.31	4.59	(2.22)	4.34
Distributions	(0.71)	(0.10)	(0.19)	(0.71)	(0.10)	(0.17)
Retained distributions on accumulation units	N/A	N/A	N/A	0.71	0.10	0.17
Closing net asset value per unit	113.7	109.9	112.2	115.0	110.4	112.6
After direct transaction costs of	(0.01)	0.00	0.00	(0.01)	0.00	0.00
Performance						
Return after charges[1]	4.14%	(1.98)%	3.99%	4.16%	(1.97)%	4.01%
Other information						
Closing net asset value (£000's)	5,150	30,351	21,351	23,192	50,324	59,004
Closing number of units	4,528,144	27,620,676	19,025,747	20,168,486	45,590,561	52,383,609
Operating charges[2]	0.84%	0.86%	0.84%	0.84%	0.86%	0.85%
Direct transaction costs[3]	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee[4]	0.25%	0.00%	0.68%	0.32%	0.00%	0.74%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	119.6	118.6	120.3	120.9	119.2	120.7
Lowest bid unit price	110.2	104.5	107.2	110.7	104.9	107.4

[1] The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).
[2] Operating charges are annualised and exclude portfolio trade-related costs, except costs paid to the custodian/depositary and entry/exit charges paid to an underlying collective investment scheme (if any).
[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity and debt instruments. See note 15 for further details.
[4] A performance fee is payable in respect of Class S Income and S Accumulation units with regards to any outperformance as per the calculation methodology outlined in the Prospectus.

Distribution Tables

for the year ended 28 February 2022

Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2021

Group 2 – Units purchased 1 September 2021 to 28 February 2022

Due to expenses and taxation exceeding revenue, there is no distribution for the period ended 28 February 2022.

Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2021

Group 2 – Units purchased 1 March 2021 to 31 August 2021

	A Income Units		A Accumulation Units		P Accumulation Units		D Accumulation Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	0.3494	0.3494	0.3663	0.2304	0.4965	0.3257	0.9464	0.5634
Equalisation†	–	0.0000	–	0.1359	–	0.1708	–	0.3830
Distribution paid 31.10.2021	**0.3494**	**0.3494**	**0.3663**	**0.3663**	**0.4965**	**0.4965**	**0.9464**	**0.9464**
Distribution paid 31.10.2020	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0833**	**0.0833**

	S Income Units		S Accumulation Units	
	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	0.7077	0.3739	0.7129	0.3985
Equalisation†	–	0.3338	–	0.3144
Distribution paid 31.10.2021	**0.7077**	**0.7077**	**0.7129**	**0.7129**
Distribution paid 31.10.2020	**0.1015**	**0.1015**	**0.1032**	**0.1032**

† 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 28 February 2022

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
	EQUITIES – 4.56%; 28.2.2021 4.66%		
	BERMUDA – 0.82%; 28.2.2021 0.52%		
	Insurance – 0.82%; 28.2.2021 0.52%		
96,908	Hiscox	**891**	**0.82**
	GUERNSEY – 0.15%; 28.2.2021 0.10%		
	Private Equity – 0.15%; 28.2.2021 0.10%		
1,191,363	Better Capital[1]	**167**	**0.15**
	IRELAND – 0.00%; 28.2.2021 0.02%		
	Oil & Gas Producers – 0.00%; 28.2.2021 0.02%		
	UNITED KINGDOM – 3.59%; 28.2.2021 4.02%		
	Airlines – 1.70%; 28.2.2021 0.79%		
143,975	JET2	**1,850**	**1.70**
	Banks – 0.00%; 28.2.2021 0.36%		
	Food Producers – 0.00%; 28.2.2021 0.46%		
	Home Builders – 0.30%; 28.2.2021 0.21%		
228,928	Taylor Wimpey[Ø]	**331**	**0.30**
	Insurance – 0.40%; 28.2.2021 0.32%		
91,144	Lancashire	**431**	**0.40**
	Internet – 0.82%; 28.2.2021 0.91%		
36,860	Auto Trader[Ø]	245	0.22
247,361	Moonpig	652	0.60
		897	**0.82**
	Real Estate Investment Trusts – 0.00%; 28.2.2021 0.54%		
	Retail – 0.37%; 28.2.2021 0.43%		
46,729	J D Wetherspoon	**405**	**0.37**
	BONDS – 52.22%; 28.2.2021 55.62%		
	UK Sterling Denominated ECP Bonds – 52.22%; 28.2.2021 55.62%		
£5,000,000	Agence Centrale Organismes 0% 21/3/2022	4,998	4.58
£2,000,000	Albion Capital Corporation 0% 21/3/2022	1,999	1.83
£1,000,000	Albion Capital Corporation 0% 25/3/2022	999	0.92
£1,000,000	Antalis 0% 2/3/2022	1,000	0.92
£1,000,000	Antalis Ile de France 0% 9/3/2022	1,000	0.92
£1,000,000	Australia New Zealand Banking 0% 11/4/2022	999	0.91
£3,000,000	Erste Abwicklungsanstalt 0% 21/3/2022	2,999	2.75
£2,000,000	Jyske Bank 0% 24/3/2022	1,999	1.83
£1,000,000	Landeskreditbank Baden-Wurtt 0% 19/4/2022	999	0.92
£4,000,000	LMA 0% 7/3/2022	4,000	3.67
£1,000,000	Managed 0% 22/3/2022	1,000	0.92
£2,000,000	Managed and Enhanced Tap 0% 1/3/2022	2,000	1.83
£2,000,000	Managed and Enhanced Tap 0% 8/3/2022	2,000	1.83
£5,000,000	Matchpoint Finance Public 0% 14/3/2022	4,999	4.58
£4,000,000	Mont Blanc Capital 0% 15/3/2022	3,999	3.66
£1,000,000	Mont Blanc Capital 0% 15/3/2022	1,000	0.92
£2,000,000	Municipality Finance 0% 21/3/2022	2,000	1.83
£4,000,000	NRW Bank 0% 11/4/2022	3,997	3.66
£2,000,000	Paccar Financial Europe 0% 4/3/2022	2,000	1.83
£3,000,000	Paccar Financial Europe 0% 18/3/2022	2,999	2.75
£5,000,000	Sunderland Receivables 0% 10/5/2022	4,992	4.57
£3,000,000	Toyota Motor Finance 0% 18/3/2022	2,999	2.75
£1,000,000	Toyota Motor Finance 0% 25/4/2022	999	0.92
£1,000,000	UBS 0% 17/3/2022	1,000	0.92
		56,976	**52.22**
	Certificate of deposits – 32.06%; 28.2.2021 30.46%		
£3,000,000	DNB Bank 0.06% Certificate of Deposit 14/4/2022	2,999	2.75
£3,000,000	DUP 12401 0% Certificate of Deposit 5/7/2022	2,990	2.74
£6,000,000	Handelsbanken 0.14% Certificate of Deposit 10/3/2022	5,999	5.50
£1,000,000	Mitsubishi UFJ Trust and Banking 0% Certificate of Deposit 6/4/2022	999	0.92
£4,000,000	National Australia Bank 0.29% Certificate of Deposit 6/6/2022	3,994	3.66
£2,000,000	Nationwide Building Society 0.45% Certificate of Deposit 4/3/2022	2,000	1.83
£2,000,000	Norinchukin Bank 0% Certificate of Deposit 4/4/2022	1,999	1.83

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
£2,000,000	Norinchukin Bank 0% Certificate of Deposit 24/5/2022	1,996	1.83
£3,000,000	Skandinaviska Enskilda Bank 0.07% Certificate of Deposit 14/4/2022	2,999	2.75
£2,000,000	Skandinaviska Enskilda Bank 0.09% Certificate of Deposit 18/3/2022	1,999	1.83
£4,000,000	Standard Chartered Bank 0.72% Certificate of Deposit 16/5/2022	4,000	3.67
£3,000,000	Sumitomo Mitsui Trust Bank 0.7% Certificate of Deposit 9/5/2022	3,000	2.75
		34,974	**32.06**
	COLLECTIVE INVESTMENT SCHEMES – 9.74%; 28.2.2021 0.00%		
	Short-term Money Market Funds – 9.74%; 28.2.2021 0.00%		
106,253	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class†	**10,623**	**9.74**

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
	DERIVATIVES – (0.25%); 28.2.2021 (2.97%)			
	UK Sterling – 0.02%; 28.2.2021 (3.00%)			
	CFDs Short – 0.93%; 28.2.2021 (0.44%)			
	Aerospace & Defence – (0.15%); 28.2.2021 (0.14%)			
(148,241)	BAE Systems	1,093	(221)	(0.20)
(348,970)	Rolls-Royce	356	53	0.05
		1,449	**(168)**	**(0.15)**
	Agriculture – 0.04%; 28.2.2021 0.02%			
(25,715)	Imperial Brands	**418**	**38**	**0.04**
	Banks – 0.24%; 28.2.2021 (0.32%)			
(502,588)	HSBC	**2,563**	**269**	**0.24**
	Beverages – 0.25%; 28.2.2021 0.10%			
(89,716)	Britvic	752	62	0.06
(38,947)	Coca-Cola HBC	763	196	0.18
(33,688)	Diageo	1,246	16	0.01
		2,761	**274**	**0.25**
	Building Materials – 0.00%; 28.2.2021 (0.02%)			
	Chemicals – 0.00%; 28.2.2021 0.05%			
(11,792)	Croda International	**872**	**4**	**0.00**
	Commercial Services – 0.01%; 28.2.2021 0.12%			
(6,714)	Experian	**194**	**9**	**0.01**
	Cosmetics & Personal Care – 0.02%; 28.2.2021 0.03%			
(14,476)	Unilever	**538**	**23**	**0.02**
	Distribution & Wholesale – (0.12%); 28.2.2021 0.05%			
(67,907)	Bunzl	**1,969**	**(128)**	**(0.12)**
	Engineering & Construction – 0.00%; 28.2.2021 0.01%			
	Food Producers – 0.08%; 28.2.2021 0.28%			
(988,459)	J Sainsbury	**2,696**	**89**	**0.08**

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
Food Services – 0.00%; 28.2.2021 0.12%				
Forest Products & Paper – 0.00%; 28.2.2021 0.01%				
Home Builders – 0.02%; 28.2.2021 0.02%				
(46,439)	Barratt Developments	**272**	**20**	**0.02**
Insurance – (0.01%); 28.2.2021 (0.03%)				
(21,876)	Admiral	**654**	**(8)**	**(0.01)**
Internet – 0.00%; 28.2.2021 (0.03%)				
Leisure Time – 0.11%; 28.2.2021 (0.62%)				
(727,639)	TUI	**1,743**	**116**	**0.11**
Machinery Diversified – 0.10%; 28.2.2021 0.00%				
(64,135)	IMI	**936**	**114**	**0.10**
Mining – 0.00%; 28.2.2021 (0.13%)				
(8,939)	BHP	**224**	**1**	**0.00**
Oil & Gas Producers – 0.08%; 28.2.2021 0.00%				
(16,097)	DCC	**923**	**92**	**0.08**
Packaging & Containers – 0.08%; 28.2.2021 (0.03%)				
(329,069)	DS Smith	**1,131**	**87**	**0.08**
Pharmaceuticals – 0.11%; 28.2.2021 0.14%				
(113,219)	GlaxoSmithKline	**1,746**	**115**	**0.11**
Real Estate Investment Trusts – 0.00%; 28.2.2021 (0.04%)				
(26,350)	Land	**207**	**(2)**	**0.00**
Retail – 0.01%; 28.2.2021 (0.03%)				
(140,090)	B&M European Value Retail	831	(61)	(0.06)
(180,118)	Kingfisher	536	19	0.02
(210,819)	Marks & Spencer	356	55	0.05
		1,723	**13**	**0.01**
Transportation – 0.06%; 28.2.2021 0.00%				
(110,797)	Royal Mail	**422**	**68**	**0.06**
CFDs Long – (0.91%); 28.2.2021 (2.56%)				
Aerospace & Defence – 0.00%; 28.2.2021 (0.01%)				
28,376	Meggitt	**214**	**2**	**0.00**
Agriculture – 0.03%; 28.2.2021 (0.27%)				
133,117	British American Tobacco	**4,342**	**30**	**0.03**
Alternative Energy Sources – 0.00%; 28.2.2021 (0.04%)				
Apparel – 0.00%; 28.2.2021 0.02%				
42,230	Burberry	**809**	**3**	**0.00**
Banks – (0.43%); 28.2.2021 0.12%				
1,086,458	Barclays	1,959	(281)	(0.26)
555,023	Standard Chartered	2,987	(184)	(0.17)
		4,946	**(465)**	**(0.43)**

Portfolio Statement continued

Holding or Nominal Value	Investment	Underlying Exposure − Derivatives £000's	Market Value £000's	% of Total Net Assets
Building Materials − (0.24%); 28.2.2021 (0.15%)				
60,669	CRH	**1,993**	**(258)**	**(0.24)**
Commercial Services − (0.32%); 28.2.2021 (0.49%)				
1,708,020	Hays	2,248	(257)	(0.24)
289,468	RELX	6,586	1	0.00
896,356	Rentokil Initial	4,502	(84)	(0.08)
		13,336	**(340)**	**(0.32)**
Computers − (0.02%); 28.2.2021 0.00%				
3,212,310	Serco	**4,186**	**(26)**	**(0.02)**
Diversified Financial Services − 0.00%; 28.2.2021 (0.01%)				
Electronics − (0.16%); 28.2.2021 (0.01%)				
50,160	Spectris	**1,502**	**(173)**	**(0.16)**
Food Producers − (0.05%); 28.2.2021 (1.67%)				
5,545	Associated British Foods	105	(2)	0.00
167,403	Tate & Lyle	1,244	47	0.04
1,493,371	Tesco	4,258	(97)	(0.09)
		5,607	**(52)**	**(0.05)**
Food Services − (0.10%); 28.2.2021 0.00%				
226,670	Compass	**3,868**	**(113)**	**(0.10)**
Forest Products & Paper − (0.03%); 28.2.2021 (0.10%)				
12,036	Mondi	**195**	**(28)**	**(0.03)**
Home Builders − (0.07%); 28.2.2021 (0.06%)				
1,286,302	Taylor Wimpey	**1,861**	**(82)**	**(0.07)**
Household Products − 0.35%; 28.2.2021 (0.13%)				
74,104	Reckitt Benckiser	**4,680**	**385**	**0.35**
Insurance − (0.23%); 28.2.2021 0.29%				
121,758	Phoenix	735	(81)	(0.07)
145,550	Prudential	1,639	(180)	(0.16)
		2,374	**(261)**	**(0.23)**
Internet − 0.11%; 28.2.2021 (0.14%)				
631,822	Auto Trader	**4,200**	**121**	**0.11**
Lodging − 0.03%; 28.2.2021 0.00%				
13,256	InterContinental Hotels	**687**	**29**	**0.03**
Media − 0.11%; 28.2.2021 0.03%				
504,194	Pearson	**3,251**	**120**	**0.11**
Metal & Hardware − (0.04%); 28.2.2021 (0.01%)				
131,571	Bodycote	**959**	**(47)**	**(0.04)**
Mining − 0.21%; 28.2.2021 0.36%				
58,064	Anglo American	2,187	161	0.15
145,384	Glencore	637	33	0.03
57,454	Rio Tinto	3,262	35	0.03
		6,086	**229**	**0.21**

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
Miscellaneous Manufacturing – 0.00%; 28.2.2021 (0.04%)				
113,037	Smiths	**1,728**	**(5)**	**0.00**
Oil & Gas Producers – (0.19%); 28.2.2021 0.19%				
386,731	BP	1,370	(173)	(0.16)
260,359	Shell	5,159	(37)	(0.03)
		6,529	**(210)**	**(0.19)**
Pharmaceuticals – 0.44%; 28.2.2021 (0.18%)				
67,916	AstraZeneca	**6,115**	**482**	**0.44**
Private Equity – (0.10%); 28.2.2021 (0.21%)				
314,585	3i	**4,105**	**(108)**	**(0.10)**
Real Estate Investment & Services – (0.01%); 28.2.2021 (0.01%)				
217,687	Grainger	**613**	**(12)**	**(0.01)**
Real Estate Investment Trusts – 0.00%; 28.2.2021 0.00%				
Retail – (0.10%); 28.2.2021 (0.04%)				
27,028	Next	**1,822**	**(108)**	**(0.10)**
Software – (0.10%); 28.2.2021 0.00%				
26,466	AVEVA	**646**	**(106)**	**(0.10)**
Euro – (0.04%); 28.2.2021 (0.05%)				
CFDs Short – (0.04%); 28.2.2021 (0.05%)				
Chemicals – (0.05%); 28.2.2021 0.00%				
(15,914)	Umicore	**485**	**(51)**	**(0.05)**
Food Producers – 0.01%; 28.2.2021 0.00%				
(9,558)	Danone	**431**	**14**	**0.01**
Leisure Time – 0.00%; 28.2.2021 (0.05%)				
South African Rand – 0.00%; 28.2.2021 0.00%				
CFDs Short – 0.00%; 28.2.2021 0.00%				
Coal – 0.00%; 28.2.2021 0.00%				
(743)	Thungela Resources	**5**	**(1)**	**0.00**
US Dollar – 0.06%; 28.2.2021 (0.17%)				
CFDs Short – 0.06%; 28.2.2021 (0.17%)				
Distribution & Wholesale – 0.02%; 28.2.2021 0.02%				
(4,339)	WW Grainger	**1,544**	**19**	**0.02**
Food Producers – 0.00%; 28.2.2021 0.00%				
(41,150)	Conagra Brands	**1,086**	**(3)**	**0.00**
Leisure Time – 0.04%; 28.2.2021 (0.19%)				
(17,843)	Royal Caribbean Cruises	**1,116**	**38**	**0.04**
Futures – (0.29%); 28.2.2021 0.25%				
(501)	FTSE 100 Index March 2022	36,881	(439)	(0.40)

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
(32)	FTSE 250 Index March 2022	1,329	123	0.11
		38,210	**(316)**	**(0.29)**
	Portfolio of investments		**107,278**	**98.33**
	CASH EQUIVALENTS			
	Short-term Money Market Funds – 0.00%; 28.2.2021 8.93%			
	Net other assets		1,827	1.67
	Total net assets		**109,105**	**100.00**

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

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

The CFDs shown in the portfolio statement above are expressed at both their mark-to-market and original notional which when added together represent the current notional value of the CFDs. The current notional value of a CFD represents the reference amount used to calculate payments between the counterparties to the CFD. The full notional value represents the economic interest in the security underlying the CFD, but does not change hands in full between the counterparties.

[1] Illiquid Security Fair Valued by the Manager.

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

† Managed by a related party.

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

Statement of Total Return

for the year ended 28 February 2022

	Notes	£000's	For the year to 28.2.2022 £000's	£000's	For the year to 28.2.2021 £000's
Income					
Net capital gains/(losses)	3		6,776		(4,044)
Revenue	4	5,063		3,934	
Expenses	5	(2,326)		(2,505)	
Interest payable and similar charges	6	(2,499)		(3,136)	
Net revenue/(expense) before taxation		238		(1,707)	
Taxation	7	–		–	
Net revenue/(expense) after taxation			238		(1,707)
Total return before distributions			7,014		(5,751)
Distributions	8		(945)		(69)
Change in net assets attributable to unitholders from investment activities			**6,069**		**(5,820)**

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2022

	£000's	For the year to 28.2.2022 £000's	£000's	For the year to 28.2.2021 £000's
Opening net assets attributable to unitholders		216,606		253,704
Amounts receivable on issue of units	35,441		80,685	
Amounts payable on cancellation of units	(149,875)		(112,087)	
		(114,434)		(31,402)
Change in net assets attributable to unitholders from investment activities		6,069		(5,820)
Retained distribution on accumulation units		864		124
Closing net assets attributable to unitholders		**109,105**		**216,606**

Balance Sheet

at 28 February 2022

	Notes	28.2.2022 £000's	28.2.2021 £000's
Assets:			
Fixed assets			
– Investment assets		110,634	202,279
Current assets			
– Debtors	9	244	1,000
– Cash and bank balances	10	8,512	8,775
– Cash collateral posted		–	5,570
– Cash equivalents	11	–	19,340
Total assets		**119,390**	**236,964**
Liabilities:			
Investment liabilities		(3,356)	(12,154)
Creditors			
– Cash collateral payable		(2,020)	–
– Other creditors	12	(4,909)	(8,204)
Total liabilities		**(10,285)**	**(20,358)**
Net assets attributable to unitholders		**109,105**	**216,606**

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
16 May 2022

Notes to Financial Statements

for the year ended 28 February 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 at least 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, and following consideration of COVID-19, it is appropriate to continue to adopt the going concern basis in preparing the financial statements of the Fund.

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

Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when the right to receive payment is established.

Dividend equivalent values on long or short Contracts for Differences ("CFDs") are recognised when the underlying securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when the right to receive payment is established.

Revenue from fixed interest securities and European Commercial Paper ("ECP") bonds is recognised on an effective interest rate basis.

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

All revenue is recognised as a gross amount that takes account of any withholding taxes but excludes any other taxes such as attributable tax credits.

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

(c) Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the date they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is taken to capital.

(d) The underlying circumstances behind both special dividends and share buy backs are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Any tax treatment will follow the accounting treatment of the principal amount.

(e) Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Fund is required to take up some or all of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

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

(g) Provision for corporation tax is made at the current rate on the excess of taxable revenue over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is considered more likely than not that there will be taxable profits in the future against which the asset can be offset.

(h) Where the end of the accounting year on the Balance Sheet date is a business day, the valuation point is 12 noon, and where the end of the accounting year on the Balance Sheet date is a non-business day, the valuation point is end of day. All investments are valued at their fair value as at the end of the accounting period. In the case of an investment which is not quoted, listed or dealt in on a recognised market, or in respect of which a listed, traded or dealt price or quotation is not available at the time of valuation, the fair value of such investment shall be estimated with care and in good faith by a competent professional person, body, firm or corporation including the Manager's pricing committee and such fair value shall be determined on the basis of the probable realisation value of the investment. The Manager shall be entitled to adopt an alternative method of valuing any particular asset if it considers that the methods of valuation set out above do not provide a fair valuation of a particular asset or liability.

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

Investments in dual priced Collective Investment Schemes have been valued at bid price market values, defined as fair value, which is 12 noon where this is a business day or end of day where this is a non-business day at the end of the accounting period, in accordance with the valuation point of the underlying fund. Investments in single priced Collective Investment Schemes have been valued at market values, defined as fair value, which is 12 noon where this is a business day or end of day where this is a non-business day at the end of the accounting period, in accordance with the valuation point of the underlying fund.

(i) Any transactions in foreign currencies are translated into Sterling at the rates of exchange ruling on the date of any such transaction. Assets and liabilities in foreign currencies are translated into Sterling at the exchange rates ruling at the end of the accounting period. Revenue items in foreign currencies are translated into Sterling at the exchange rate when the revenue is received.

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

(k) Cash and bank balances consist of deposits held on call with banks and cash held with clearing brokers and counterparties. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Cash collateral provided by the Fund is identified on the Balance Sheet as pledged cash collateral and is not included as a component of cash and cash equivalents.

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

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

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

Distribution Policies

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

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

(o) 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 Fund may suffer through holding market positions in the face of market movements. The Fund is exposed to market risk by virtue of its investments in equities, warrants, rights, corporate bonds, ECP bonds, government bonds, futures contracts and CFD's.

A key metric the RQA Group uses to measure market risk is Value-at-Risk ("VaR") which encompasses price, currency and interest rate risk. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

The VaR calculations are based on an adjusted historical simulation model with a confidence level of 99%, a holding period of one day and a historical observation period of not less than one year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period the Fund will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk.

It is noted that the use of the VaR methodology has limitations, namely that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations and the nature of the VaR measure mean that the Fund can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one day VaR as at 28 February 2022 and 28 February 2021 based on a 99% confidence level was 1.02% and 1.02% respectively.

i) Market risk arising from foreign currency risk

Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The assets and liabilities 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.

Management of foreign currency risk

Foreign currency exposures are managed within parameters utilising forward currency contracts. There were no open forward currency contracts at the year end (28 February 2021: Nil).

ii) Market risk arising from other price risk

Exposure to other price risk

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

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

Management of other price risk

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

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

iii) Market risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

Management of interest rate risk

Interest rate risk exposure is managed by constantly monitoring the position for deviations outside a pre-determined tolerance level and, when necessary, rebalancing back to the original desired parameters.

(b) Counterparty credit risk

Exposure to counterparty credit risk

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

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

Management of counterparty credit risk

Counterparty risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk Team. The team is headed by BlackRock's Chief Counterparty Credit Officer who reports directly to the Global Head of RQA. Credit authority resides with the Chief Counterparty Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Counterparty Credit Officer or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Counterparty Credit Officer as deemed appropriate.

BlackRock's RQA Counterparty & Concentration Risk Team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures.

The Manager maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's creditworthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

i) Exchange Traded Financial Derivative Instruments

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

Management of counterparty credit risk related to futures contracts

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

The market value of the exchange traded derivatives held by the Fund is shown in the portfolio statement.

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

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

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

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

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

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

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

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

The Fund's maximum exposure to counterparty credit risk from holding forward currency contracts will be equal to the notional amount of the currency and any net unrealised gains or losses as disclosed in the portfolio statement.

Management of counterparty credit risk related to OTC FDIs

Forward currency contracts do not require variation margin and thus the counterparty credit risk is monitored through the BlackRock RQA Counterparty & Concentration Risk Team which monitors the creditworthiness of the counterparty. The counterparties for forward currency contracts are disclosed in the portfolio statement.

The lowest credit rating of any one counterparty as at 28 February 2022 was A- (28 February 2021: BBB+).

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

28 February 2022

Counterparty	Contracts for Differences £000's	Total Exposure £000's
Barclays Bank Plc	14	14
BNP Paribas Arbitrage SNC	(343)	(343)
Citigroup Global Markets Limited	77	77
Deutsche Bank AG	19	19
HSBC Bank Plc	381	381
J.P. Morgan Securities Plc	1	1
Merrill Lynch International	(102)	(102)

28 February 2021

Counterparty	Contracts for Differences £000's	Total Exposure £000's
Deutsche Bank AG	(1,527)	(1,527)
HSBC Bank Plc	(1,220)	(1,220)
J.P. Morgan Securities Plc	(4,231)	(4,231)

iii) Trustee and Custodian

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

Substantially all of the investments other than FDIs of the Fund are held by the Custodian at year end. Investments are segregated from the assets of the Custodian, with ownership rights remaining with the Fund. Bankruptcy or insolvency of the Custodian may cause the Fund's rights with respect to its investments held by the Custodian to be delayed or limited. The maximum exposure to this risk is the total amount of equity and bond investments disclosed in the Portfolio Statement.

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

Management of counterparty credit risk related to the Trustee and Custodian

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

The long term credit rating of the parent company of the Trustee and Custodian, The Bank of New York Mellon Corporation, as at 28 February 2022 was A (28 February 2021: AA-) (Standard & Poor's rating).

iv) Counterparties

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

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

Management of counterparty credit risk related to Counterparties

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

v) Debt securities

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

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

Management of counterparty credit risk related to debt securities

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

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

28 February 2022

Investment grade %	Non-investment grade %	Not rated %	Total %
84.28	–	–	84.28

28 February 2021

Investment grade %	Non-investment grade %	Not rated %	Total %
86.08	–	–	86.08

vi) Securities lending

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

Securities lending transactions entered into by the Fund are subject to a written legal agreement between the Fund and the Stock Lending Agent, BlackRock Advisors (UK) Limited, a related party to the Fund, and separately between the Stock Lending Agent and the approved borrowing counterparty. Collateral received in exchange for securities lent is transferred under a title transfer arrangement and is delivered to and held in an account with a tri-party collateral manager in the name of the Trustee on behalf of the Fund. Collateral received is segregated from the assets belonging to the Fund's Trustee or the Stock Lending Agent.

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

Counterparty	Counterparty's country of establishment	28 February 2022 Securities on loan £000's	28 February 2022 Collateral received £000's	28 February 2021 Securities on loan £000's	28 February 2021 Collateral received £000's
Goldman Sachs International	UK	186	210	–	–
Morgan Stanley & Co. International Plc	UK	229	241	–	–
UBS AG	Switzerland	–	–	168	189
Total		**415**	**451**	**168**	**189**

At 28 February 2022, collateral received from these borrowing counterparties comprised of 76.72% in debt securities and 23.28% in equity securities (28 February 2021: 1.47% in debt securities and 98.53% in equity securities).

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

Management of counterparty credit risk related to securities lending

To mitigate this risk, the Fund receives either cash or securities as collateral equal to a certain percentage in excess of the fair value of the securities loaned. The Investment Manager monitors the fair value of the securities loaned and additional collateral is obtained, if necessary. As at 28 February 2022 and 28 February 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.

vii) Collateral

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

Management of counterparty credit risk related to collateral

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

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

As at 28 February 2022 collateral received by the Fund in respect of OTC FDIs was £2,020,000 in the form of cash. Collateral posted by the Fund in respect of OTC FDIs was £Nil.

As at 28 February 2021 collateral received by the Fund in respect of OTC FDIs was £Nil. Collateral posted by the Fund in respect of OTC FDIs was £5,570,000 in the form of cash..

(c) Liquidity risk

Exposure to liquidity risk

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

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

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

All non-derivative financial liabilities including distributions payable held by the Fund as at 28 February 2022 and 28 February 2021, based on contractual maturities, fall due within one to three months, with the exception of corporation tax payable which falls due within nine to twelve months.

Management of liquidity risk

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

At times of excessive redemptions the Manager may decide to defer redemptions at any valuation point to the next valuation point where the requested aggregate redemptions exceed 10 per cent of the Fund's NAV. This will therefore allow the Manager to protect the interests of continuing unitholders by allowing the Manager to match the sale of scheme property to the level of redemptions. This should reduce the impact of dilution on the Fund. All unitholders who have sought to redeem units at any valuation point at which redemptions are deferred will be treated consistently and any redemption requests received in the meantime will not be processed until the redemption requests that have been deferred to the subsequent valuation points have been processed.

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

(d) Valuation of financial instruments

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

Level 1 − Unadjusted quoted prices for identical instruments in active markets

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

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

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

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

Level 3 − Valuation techniques using significant unobservable inputs

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

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

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

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

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

	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
28 February 2022				
Investment assets	15,551	94,916	167#	110,634
Investment liabilities	(439)	(2,917)	–	(3,356)
28 February 2021				
Investment assets	10,408	191,653	218	202,279
Investment liabilities	–	(12,154)	–	(12,154)

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

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

(e) Global exposure

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

The Manager uses the Absolute VaR methodology to measure the Fund's global exposure. For Absolute VaR, the monthly VaR will not exceed 20% of the Fund's NAV. Where a VaR calculation is performed using a horizon other than the one month regulatory limit, this 20% limit will be rescaled to reflect the appropriate risk horizon period as directed by the relevant regulatory guidelines. Utilisation refers to the level of risk taken in this context.

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

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

28 February 2022

Highest utilisation of the VaR limit	Lowest utilisation of the VaR limit	Average utilisation of the VaR limit
23.64%	15.96%	18.55%

28 February 2021

Highest utilisation of the VaR limit	Lowest utilisation of the VaR limit	Average utilisation of the VaR limit
40.03%	13.86%	27.66%

(f) Leverage

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

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

The average level of leverage employed by the Fund during the year was 135.97% (28 February 2021: 106.45%).

3. Net Capital Gains/(Losses)

	For the year to 28.2.2022 £000's	For the year to 28.2.2021 £000's
The net capital gains/(losses) comprise:		
(Losses)/gains on non-derivative securities	(1,159)	3,482
Gains/(losses) on derivative securities	7,941	(7,691)
Currency gains	2	174
Custodian transaction costs	(8)	(9)
Net capital gains/(losses)	**6,776**	**(4,044)**

4. Revenue

	For the year to 28.2.2022 £000's	For the year to 28.2.2021 £000's
Interest from certificates of deposit	29	140
Interest from UK bank deposits	–	3
Overseas dividends	22	–
Revenue from Contracts for Differences	4,974	3,703
Revenue from short-term money market funds	11	42
Securities lending revenue	1	–
Stock dividends	–	9
UK dividends	26	27
Underwriting commission	–	10
Total revenue	**5,063**	**3,934**

5. Expenses

	For the year to 28.2.2022 £000's	For the year to 28.2.2021 £000's
Payable to the Manager or associates of the Manager:		
– Annual service charge	254	358
– Manager's charge	1,535	2,062
– Performance fees†	510	4
	2,299	2,424
Other expenses:		
– Audit fee	8	10
– Legal and other professional fees	1	1
– Safe custody fees	(6)	35
– Trustee's fees	24	35
	27	81
Total expenses	**2,326**	**2,505**

† A performance fee is payable in respect of all unit classes with the exception of the class A Income and A Accumulation units with regards to any outperformance as per the calculation methodology outlined in the Prospectus.

6. Interest Payable and Similar Charges

	For the year to 28.2.2022 £000's	For the year to 28.2.2021 £000's
Finance charges on Contracts for Differences	762	825
Interest on bank overdrafts	–	2
Returns from short position Contracts for Differences	1,737	2,309
Total interest payable and similar charges	**2,499**	**3,136**

7. Taxation

(a) Analysis of tax charge

	For the year to 28.2.2022 £000's	For the year to 28.2.2021 £000's
Corporation tax	–	–
Total tax charge [see note 7(b)]	**–**	**–**

7. Taxation continued

(b) Factors affecting the tax charge

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

	For the year to 28.2.2022 £000's	For the year to 28.2.2021 £000's
Net revenue/(expense) before taxation	238	(1,707)
Corporation tax at 20% (28 February 2021: 20%)	48	(341)
Effects of:		
Movement in unrecognised excess management expenses	(38)	348
Revenue not subject to tax	(10)	(7)
Total tax charge [see note 7(a)]	**–**	**–**

At 28 February 2022, the Fund had surplus management expenses of £96,330,000 (28 February 2021: £96,519,000). 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 £19,266,000 (28 February 2021: £19,304,000) has not been recognised.

8. Distributions

	For the year to 28.2.2022 £000's	For the year to 28.2.2021 £000's
Interim distribution	1,040	147
Final distribution	–	–
	1,040	147
Less: Amounts deducted on cancellation of units	(31)	(96)
(Less)/Add: Amounts received on issue of units	(64)	18
Distributions	**945**	**69**
The distributable amount has been calculated as follows:		
Net revenue/(expense) after taxation	238	(1,707)
Add: Shortfall transferred to capital	707	1,776
Distributions	**945**	**69**

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

9. Debtors

	28.2.2022 £000's	28.2.2021 £000's
Accrued revenue	129	52
Amounts receivable for issue of units	40	445
Amounts receivable from brokers on contracts for differences	75	503
Total debtors	**244**	**1,000**

10. Cash and Bank Balances

	28.2.2022 £000's	28.2.2021 £000's
Amount held at futures clearing houses and brokers	3,626	4,852
Cash and bank balances	4,886	3,923
Total cash and bank balances	**8,512**	**8,775**

11. Cash Equivalents

	28.2.2022 £000's	28.2.2021 £000's
Investment in short-term money market funds	–	19,340
Total cash equivalents	**–**	**19,340**

12. Other Creditors

	28.2.2022 £000's	28.2.2021 £000's
Accrued Annual service charge	29	108
Accrued Audit fee	8	9
Accrued Manager's charge	525	630
Accrued Performance fee	510	4
Accrued Safe custody fees	1	14
Accrued Trustee's fee	10	11
Amounts payable for cancellation of units	786	1,268
Amounts payable with respect to Contracts for Differences	39	4,158
Custodian transaction costs	1	2
Purchases awaiting settlement	3,000	2,000
Total other creditors	**4,909**	**8,204**

13. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (28 February 2021: £Nil).

14. Related Parties

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

The following entities were related parties of the Fund during the year ended 28 February 2022:

Manager/Registrar:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Stock Lending Agent:	BlackRock Advisors (UK) Limited

14. Related Parties continued

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

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 8.

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

As at 28 February 2022 and 28 February 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.

15. Portfolio Transaction Costs

For the year ended 28 February 2022

Purchases (excluding derivatives)	Transaction Value £000's	Direct Transaction Costs Commissions £000's	%	Taxes £000's	%
Equity instruments	2,394	1	0.04	5	0.21
Debt instruments	794,955	–	–	–	–
Total purchases	**797,349**	**1**		**5**	
Total purchases including transaction costs	**797,355**				

Sales (excluding derivatives)	Transaction Value £000's	Direct Transaction Costs Commissions £000's	%	Taxes £000's	%
Equity instruments	6,506	3	0.05	–	–
Debt instruments	891,695	–	–	–	–
Total sales	**898,201**	**3**		**–**	
Total sales net of transaction costs	**898,198**				
Derivative transaction costs		**8**		**–**	
Total transaction costs		**12**		**5**	
Total transaction costs as a % of average net assets		**0.00%**		**0.00%**	

15. Portfolio Transaction Costs continued

For the year ended 28 February 2021

		Direct Transaction Costs			
Purchases (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	7,650	–	–	–	–
Debt instruments	2,240,808	–	–	–	–
Total purchases	**2,248,458**	**–**		**–**	
Total purchases including transaction costs	**2,248,458**				

		Direct Transaction Costs			
Sales (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	3,233	1	0.03	–	–
Debt instruments	2,289,501	–	–	–	–
Total sales	**2,292,734**	**1**		**–**	
Total sales net of transaction costs	**2,292,733**				
Derivative transaction costs		**5**		**–**	
Total transaction costs		**6**		**–**	
Total transaction costs as a % of average net assets		**0.00%**		**0.00%**	

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

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

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs incurred in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

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

15. Portfolio Transaction Costs continued

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

At the Balance Sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.01% (28 February 2021: 0.01%).

16. Units in Issue

The movement in units in issue for the year ended 28 February 2022 is as follows:

	A Income Units	A Accumulation Units	P Accumulation Units	D Accumulation Units
Balance at the beginning of the year	20,059	246,152	29,053,956	62,620,961
Issued during the year	–	906	852,974	9,341,384
Cancelled during the year	–	(26,441)	(4,799,406)	(43,338,390)
Converted during the year	–	–	(31,185)	(790,815)
Balance at the end of the year	**20,059**	**220,617**	**25,076,339**	**27,833,140**

	S Income Units	S Accumulation Units
Balance at the beginning of the year	27,620,677	45,590,561
Issued during the year	6,259,959	11,405,615
Cancelled during the year	(29,339,529)	(37,962,239)
Converted during the year	(12,963)	1,134,549
Balance at the end of the year	**4,528,144**	**20,168,486**

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

17. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the Financial Statements for the year ended 28 February 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 year. These financial statements must be prepared in accordance with generally accepted accounting standards in the United Kingdom to give a true and fair view of the state of affairs of the Fund at the year end and of the net revenue and net gains for the year. 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.

NM0522U-2209567-49/59

Statement of the Trustee's Responsibilities in Respect of the Fund and Report of the Trustee to the Unitholders of the Fund for the Year Ended 28 February 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
16 May 2022

Building a better working world

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

Tel: +44 131 777 2000
Fax: +44 131 777 2001
ey.com

Independent Auditor's Report to the Unitholders of BlackRock UK Absolute Alpha Fund

Opinion

We have audited the financial statements of BlackRock UK Absolute Alpha Fund ("the Fund") for the year ended 28 February 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, the Financial Instruments and Risks Disclosures and the accounting policies of the Fund, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 28 February 2022 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

A member of Ernst & Young Global Limited.

Building a better
working world

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

Tel: +44 131 777 2000
Fax: +44 131 777 2001
ey.com

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the 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 audit report thereon. The Manager is responsible for the other information contained in the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our audit report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

A member of Ernst & Young Global Limited.

EY
Building a better working world

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

Tel: +44 131 777 2000
Fax: +44 131 777 2001
ey.com

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 48, 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.

A member of Ernst & Young Global Limited.

Building a better working world

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

Tel: +44 131 777 2000
Fax: +44 131 777 2001
ey.com

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrators and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence net asset value, revenue and amounts available for distribution. We identified two fraud risks with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution, and the incorrect valuation of unquoted investments. We tested the appropriateness of management's classification of material special dividends as either a capital or revenue return. In relation to unquoted investments, we reviewed a sample of the valuations prepared by management, challenging the reasonableness of key assumptions used by management and their appropriateness in accordance with the applicable valuation guidelines, and obtaining evidence for the significant inputs to the valuation. We incorporated unpredictability into the nature, timing and extent of our testing.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting 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 including specialists where necessary to identify non-compliance with the

A member of Ernst & Young Global Limited.

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

Tel: +44 131 777 2000
Fax: +44 131 777 2001
ey.com

applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP
Statutory Auditor

Edinburgh
16 May 2022

A member of Ernst & Young Global Limited.

Supplementary Information

Efficient Portfolio Management Techniques

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

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

Securities Lending and Contracts for Difference (CFDs)

The following table details the value of securities on loan as a proportion of the Fund's total lendable assets and NAV and the value of CFDs as a proportion of the Fund's NAV, as at 28 February 2022 and the returns earned for the year ended 28 February 2022. Total lendable assets represents the aggregate value of assets forming part of the Fund's securities lending programme. This excludes any assets held by the Fund that are not considered lendable due to any market, regulatory, investment or other restriction. The value of CFDs is based on the underlying exposure value on a gross absolute basis as disclosed in the Fund's Portfolio Statement.

Securities on loan		CFDs	
% of lendable assets	% of NAV	% of NAV	Returns earned £000's
9.02	0.38	105.18	2,475

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

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

28 February 2022.

Counterparty	Counterparty's country of establishment	CFDs Underlying exposure £000's
Barclays Bank Plc	UK	431
BNP Paribas Arbitrage SNC	France	14,782
Citigroup Global Markets Limited	UK	616
Deutsche Bank AG	Germany	536
HSBC Bank Plc	UK	42,334
J.P. Morgan Securities Plc	UK	50,875
Merrill Lynch International	UK	5,187
Total		**114,761**

All securities on loan and CFDs have an open maturity tenor as they are recallable or terminable on a daily basis.

Collateral

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

The following table provides an analysis by currency of the underlying cash and non-cash collateral received/posted by way of title transfer collateral arrangement by the Fund, in respect of securities lending transactions and OTC FDIs (including CFDs), as at 28 February 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				
CAD	–	–	32	–
EUR	–	–	159	–
GBP	–	–	81	–
JPY	–	–	14	–
USD	–	–	165	–
Total	**–**	**–**	**451**	**–**
OTC FDIs				
GBP	2,020	–	–	–
	2,020	**–**	**–**	**–**
Total	**2,020**	**–**	**451**	**–**

As at 28 February 2022, all cash collateral received in respect of OTC derivative transactions by the Fund was re-invested in money market funds managed by the Manager or its affiliates, as disclosed in the Fund's portfolio statement. All cash received as collateral has an open maturity tenor as it's not subject to a contractual maturity date.

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

The returns earned by the Fund from the reinvestment of cash collateral in money market funds during the year ended 28 February 2022 is summarised below. These returns represent the accumulative total return of the representative money market fund for the year ended 28 February 2022. These returns do not take into account any interest payable to the counterparty under the relevant collateral arrangements.

Money market fund	Total return %
Institutional Cash Series plc	
BlackRock ICS Sterling Liquid Environmentally Aware Fund – Agency Income class	0.07

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received/posted by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions and OTC FDIs (including CFDs), as at 28 February 2022.

Collateral type and quality	Maturity Tenor 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	–	–	–	–	346	–	**346**
Equities							
Recognised equity index	–	–	–	–	–	104	**104**
ETFs							
Non-UCITS	–	–	–	–	–	1	**1**
Total	**–**	**–**	**–**	**–**	**346**	**105**	**451**

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

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

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

As at 28 February 2022, all non-cash collateral received by the Fund in respect of securities lending transactions and OTC FDI (including CFDs) is held by the Fund's Trustee (or through its delegates).

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions and OTC FDIs as at 28 February 2022.

Issuer	Value £000's	% of the Fund's NAV
Morgan Stanley & Co. International Plc	241	0.22
Goldman Sachs International	210	0.19
Total	**451**	**0.41**

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 year end date.

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

About us

BlackRock is a premier provider of asset management, risk management, and advisory services to institutional, intermediary, and individual clients worldwide. As of 31 March 2022, the firm manages £7.383 trillion across asset classes in separate accounts, mutual funds, other pooled investment vehicles, and the industry-leading iShares® exchange-traded funds.

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

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

Want to know more?

blackrockinternational.com | +44 (0)20 7743 3300

© 2022 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS and iSHARES are trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.

BlackRock®

Go paperless. . .
It's Easy, Economical and Green!
Go to **www.blackrock.com/edelivery**