


# **BlackRock**



## **Interim report and unaudited financial statements**

BlackRock Emerging Markets Fund

For the six months ended 31 August 2022

NM1022U-2565493-1/21

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# General Information

## Manager & Registrar

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

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

## Directors of the Manager

G D Bamping\*  
S Corrigan  
W I Cullen\*  
D Edgar  
B Harrison (Resigned 19 August 2022)  
A M Lawrence  
H N Mepham  
M T Zemek\*

## Trustee & Custodian

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

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

## Investment Manager

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

Authorised and regulated by the FCA.

## Investment Adviser

BlackRock Financial Management, Inc  
55 East 52nd Street, New York, NY 10055, United States

Regulated by the Securities and Exchange Commission.

## 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 Emerging Markets Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 4 August 1993. The Fund was previously known as Mercury Emerging Markets Fund. On 30 September 2000 the Fund changed its name to Merrill Lynch Emerging Markets Fund. The Fund changed its investment objective on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008. The Fund's FCA product reference number is 162615.

### Assessment of value

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

## Fund Managers

As at 31 August 2022, the Fund Managers of the Fund are Gordon Fraser and Kevin Jia.

## Significant Events

### Changes in the Directors of the Manager

B Harrison resigned as a Director effective 19 August 2022.

### 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 over the last two 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 entire global economy and this impact may be greater where vaccination rates are lower, such as in certain emerging markets. While 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.

### Russian Invasion of Ukraine

Certain financial markets have fallen during the financial period due primarily to geo-political tensions arising from Russia's invasion of Ukraine and the impact of the subsequent range of sanctions, regulations and other measures which impaired normal trading in Russian securities. The Manager continues to monitor investment performance in line with the Fund's investment objectives, and the operations of the Fund and the publication of net asset values are continuing.



# Investment Report

for the six months ended 31 August 2022

## Investment Objective

The aim of the Fund is to provide a return on your investment (generated through an increase in the value of the assets held by the Fund) (gross of fees) over the long term (5 or more consecutive years beginning at the point of investment), by investing in companies incorporated or listed in emerging markets.

Comparator benchmark	Investment management approach
MSCI Emerging Markets Index	Active

## Performance Summary

The following table compares the Fund's realised performance against the performance of the relevant comparator benchmark during the financial period ended 31 August 2022.

	Fund return %	Comparator benchmark %
Class D Accumulation Units	(4.90)	(0.03)

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

- Fund return disclosed, calculated net of fees, is the performance return for the primary unit class of the Fund which has been selected as a representative unit class. The primary unit class represents the class of unit which is the highest charging unit class, free of any commissions or rebates, and is freely available. Performance returns for any other unit class can be made available on request.
- Fund returns are based on the NAV per unit as at close of business for reporting purposes only, for the purpose of fair comparison and presentation with the comparator benchmark close of business valuation point.
- Due to the Financial Reporting Standard 102 ("FRS 102") and SORP requirements, including the accounting policy for the valuation point at 12 noon, where the end of the accounting period end on the balance sheet date is a business day which apply to the financial statements, there may be differences between the NAV per unit as recorded in the financial statements and the NAV per unit calculated in accordance with the Prospectus.

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

## Global Economic Overview

Global equities, as represented by the MSCI All Country World Index ("ACWI"), returned (11.21%) (in US dollar terms). However, as the pound sterling declined sharply against other influential currencies, the ACWI returned 2.38% (in GBP terms) for the six months ended 31 August 2022. Amid a slowing economic recovery, both bonds and equities were pressured (in U.S. dollar terms) by persistently high inflation (rate of increase in the prices of goods and services) and moves towards monetary policy tightening from the world's largest central banks. The Russian invasion of Ukraine drove further uncertainty and disruption in financial markets. Sanctions imposed on Russia negatively impacted businesses with ties to the region and contributed to significant volatility (market ups and downs) in some commodity prices.

The US economy faltered in the first half of 2022, contracting amid slowing growth in consumer spending and a sharp decline in business confidence. Japanese growth was modest, as supply shortages and disruptions from the Russian invasion of Ukraine weighed on production. The UK economy slowed, contracting in the three months ended June 2022 amid weakness in services output. The Eurozone posted modest growth, helped in part by an increase in household spending and a rebound in tourism.

# Investment Report continued

Economic growth was generally slow among emerging market nations as the global economy cooled. In China, the economy slowed substantially in the second quarter of 2022 following a series of strict lockdowns aimed at containing an increase in COVID-19 cases. India's economy slowed but continued to grow in the first quarter, helped by a pickup in service sector activity.

As inflation continued to rise globally, the world's largest central banks implemented different measures aimed at monetary tightening. The US Federal Reserve ("the Fed") raised interest rates four times in an effort to control inflation, including back to back 75 basis points increases in June and July 2022. The Fed also ended its bond-buying programmes and began reducing some of its accumulated bond holdings in June 2022.

The Bank of England raised interest rates four times, as inflation reached a forty-year high. Inflation also accelerated in the Eurozone and the European Central Bank ("ECB") raised interest rates in July 2022, its first rate hike since 2011. Furthermore, the ECB also signalled that it would take action to prevent significant divergence between bond yields (which move inversely to prices) of Eurozone states as interest rates rise.

Global equity performance was significantly negative in most parts of the world (in US dollar terms). Rising inflation amid supply chain constraints and tighter monetary policy from many central banks negatively impacted equities. US, European, and Asia-Pacific equities all retreated during the six month period.

Global bond prices also declined (in US dollar terms), as heightened inflation put pressure on returns. US treasuries fell amid concerns that the Fed would continue to raise interest rates due to high inflation. Long-term US Treasury yields fell below short-term yields, a signal that markets were increasingly concerned about slowing economic growth. Similarly, UK, European, and Japanese government bonds declined (in US dollar terms) for the six month period. Corporate bonds fell globally as investors became concerned about the impact of rising interest rates on companies' financing costs.

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

The commodities markets were volatile, with energy prices rising sharply (in US dollar terms), following Russia's invasion of Ukraine before moderating late in the period on growth concerns. The price of Brent crude oil rose sharply following Russia's invasion of Ukraine, but retreated as markets stabilised, ending the six-month period nearly flat. Natural gas prices gained significantly, particularly in Europe, amid supply disruptions from Russia. Gold prices declined, as higher interest rates made non-interest-bearing investments relatively less attractive despite rising inflation, while industrial metals also generally declined.

On the foreign currencies, the US dollar rose against most other global currencies, particularly as the Fed began tightening monetary policy in 2022. The Japanese yen declined notably against the US dollar, as the Bank of Japan's relatively accommodative stance meant that interest rates rose faster in the US than in Japan. The euro, pound sterling, and Chinese yuan also weakened relative to the US dollar as investors saw the US dollar being more insulated from the geopolitical turmoil.

## Fund Performance Review and Activity

Over the six month period to 31 August 2022, the Fund's performance return was (4.90%) and the active return was (4.87%), very regrettably underperforming its comparator benchmark, which returned (0.03%) (active return is the difference between the Fund's return and the comparator benchmark index).

# Investment Report continued

Emerging Markets (“EM”) equities declined as markets priced in continued uncertainty from the Russian invasion of Ukraine, an increasingly hawkish (in favour of higher interest rates) Fed, intensifying lockdowns in China, global inflationary pressures and US dollar strength. A resurgence in equity prices met with indications of more aggressive policy tightening from the Fed to curb inflation, pushing investors into a risk-off stance. Chinese equities came under increasing pressure as fears of COVID-19 induced lockdowns in Shanghai and other cities intensified. Energy extended its rally amid attempts by the European Union to ban Russian oil and gas imports, while industrial metals fell on the persistence of COVID-19 lockdowns in China. Global consumer demand weakness and higher interest rates also led to a selloff in the North Asian Technology heavy-weight markets.

During the six month period the following were the largest contributors to and detractors from the Fund’s return relative to the comparator benchmark:

Largest Contributors		Largest Detractors	
Stock	Effect on Fund return	Stock	Effect on Fund return
Sendas Distribuidora <sup>^</sup>	0.64%	JD.com <sup>#</sup>	(0.61%)
Albemarle <sup>^</sup>	0.48%	Han’s Laser Technology Industry <sup>^</sup>	(0.59%)
ICICI Prudential Life Insurance <sup>^</sup>	0.43%	Longfor <sup>^</sup>	(0.56%)
ENN Energy <sup>^</sup>	0.31%	Hapvida Participacoes e Investimentos <sup>^</sup>	(0.55%)
Grupo Aeroportuario del Pacifico <sup>^</sup>	0.30%	Sungrow Power Supply <sup>^</sup>	(0.51%)

<sup>^</sup> Underweight position - holds less exposure than the benchmark.

<sup>#</sup> Overweight position - holds more exposure than the benchmark.

Positions in Chinese internet company JD.com (ecommerce) weighed most on returns as continued ADR de-listing concerns led to a severe sell-off in the space. The Manager’s overweight in Chinese laser equipment manufacturer, Han’s Laser Technology, detracted as the stock fell on the resurgence of COVID-19 cases and rising concerns on weakness in end consumer demand.

The Manager’s off benchmark holding of Sendas Distribuidora, a grocery store chain in Brazil, contributed most on a relative basis as the company reported good results benefiting from steady business expansion with successful roll out of new stores. An off benchmark holding of Albemarle, the largest provider of lithium for electric vehicle batteries, was one of the top contributors as the company raised its outlook on tight supply and growing electric vehicle demand forces battery makers to pay up for the metal.

The following table details the significant active positions, where the Fund was overweight (held more exposure than the comparator benchmark) and underweight (held less exposure than the comparator benchmark), at 31 August 2022 and 28 February 2022:

Top overweight positions			
31 August 2022		28 February 2022	
Country	Active Weighting	Country	Active Weighting
Brazil	3.00%	China	3.06%
Mexico	2.86%	Mexico	1.59%
Kazakhstan	1.42%	Brazil	1.54%



<b>Top underweight positions</b>			
<b>31 August 2022</b>		<b>28 February 2022</b>	
<b>Country</b>	<b>Active Weighting</b>	<b>Country</b>	<b>Active Weighting</b>
Taiwan	(5.13%)	Taiwan	(5.97%)
Korea	(2.57%)	India	(2.61%)
India	(2.50%)	Korea	(2.46%)

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

During the period the Manager increased defensive exposure in the portfolio given some of the cross currents in global markets. The Manager increased exposure to Brazil given the positive macro view. Later in the period the Manager started to add stocks that the Manager believes will be beneficiaries from the eventual China reopening, such as quick service restaurant Yum China and Macau casino stock Sands China, given company's strong franchise and attractive valuations.

## Net Asset Value

At 31 August 2022	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	1,071,223	5,516	514.9
A Accumulation	17,383,404	98,978	569.4
X Accumulation	42,622,211	51,436	120.7
D Income	25,120,463	129,938	517.3
D Accumulation	48,888,813	302,909	619.6
S Income	100	–	79.11
S Accumulation	55,407,692	62,026	112.0

## Distributions Payable for the period to 31 August 2022

Any income available will be distributed annually on 30 April.

## Operating Charges

Unit Class	1.3.2022 to 31.8.2022	1.3.2021 to 28.2.2022
A Income	1.73%	1.71%
A Accumulation	1.73%	1.71%
X Accumulation	0.10%	0.07%
D Income	0.99%	0.96%
D Accumulation	0.99%	0.96%
S Income	0.91%	0.87%
S Accumulation	0.91%	0.88%

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).

# Portfolio Statement (unaudited)

at 31 August 2022

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>AFRICA – 3.81%; 28.2.2022 1.63%</b>			
<b>EQUITIES – 3.81%; 28.2.2022 1.63%</b>			
<b>Egypt – 0.41%; 28.2.2022 0.42%</b>			
1,513,316 Commercial International Bank Egypt		<b>2,649</b>	<b>0.41</b>
<b>South Africa – 3.40%; 28.2.2022 1.21%</b>			
730,802 Gold Fields		5,097	0.78
403,607 Gold Fields <sup>Q</sup>		2,856	0.44
3,073,381 Sanlam		8,544	1.31
336,332 Sasol		5,653	0.87
		<b>22,150</b>	<b>3.40</b>
<b>ASIA AND PACIFIC – 71.41%; 28.2.2022 70.29%</b>			
<b>EQUITIES – 71.41%; 28.2.2022 70.29%</b>			
<b>China – 28.04%; 28.2.2022 28.69%</b>			
162,476 Alibaba		13,121	2.02
558,400 Alibaba		5,776	0.89
414,500 Anhui Conch Cement		1,362	0.21
93,084 Baidu		11,037	1.70
299,100 Baidu		4,639	0.71
29,013,000 China Construction Bank		15,498	2.38
2,498,900 China Yangtze Power		7,471	1.15
5,373,000 CMOC <sup>Q</sup>		2,069	0.32
5,954,763 CMOC		3,654	0.56
1,099,600 ENN Energy		13,786	2.12
2,446,216 Han's Laser Technology Industry		9,098	1.40
504,261 KE		7,736	1.19
32,300 Kweichow Moutai		7,743	1.19
256,000 Linklogis		149	0.02
2,666,000 Longfor		7,472	1.15
417,300 Meituan		8,683	1.33
43,081 NetEase		3,224	0.49
518,100 NetEase		8,053	1.24
1,431,608 Shanghai International Airport		10,072	1.55
165,600 Shenzhen Mindray Bio-Medical Electronics		6,155	0.95
252,300 Tencent		9,055	1.39
59,967 Tencent <sup>Q</sup>		2,065	0.32
782,700 WuXi AppTec		8,751	1.34
4,576,000 Xinyi Solar		5,441	0.84
244,234 Yum China		10,271	1.58
		<b>182,381</b>	<b>28.04</b>
<b>Hong Kong – 3.19%; 28.2.2022 4.80%</b>			
2,127,500 BOC Hong Kong		6,313	0.97

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
3,693,000 China Mengniu Dairy		14,441	2.22
2,094,100 Euro-Asia Agricultural <sup>1</sup>		–	0.00
		<b>20,754</b>	<b>3.19</b>
<b>India – 11.32%; 28.2.2022 9.22%</b>			
1,231,438 Axis Bank		10,019	1.54
2,725,613 Bandhan Bank		8,223	1.26
993,848 HDFC Bank		15,971	2.45
272,901 Hindustan Unilever		7,857	1.21
1,929,664 ICICI Prudential Life Insurance		12,440	1.91
351,009 InterGlobe Aviation		7,631	1.17
231,203 Tata Consultancy Services		8,036	1.23
49,669 UltraTech Cement		3,595	0.55
		<b>73,772</b>	<b>11.32</b>
<b>Kazakhstan – 1.41%; 28.2.2022 1.11%</b>			
178,926 Kaspi.KZ JSC		<b>9,165</b>	<b>1.41</b>
<b>Macau – 1.25%; 28.2.2022 0.00%</b>			
4,181,600 Sands China <sup>Q</sup>		<b>8,109</b>	<b>1.25</b>
<b>Malaysia – 2.08%; 28.2.2022 0.00%</b>			
14,990,300 Public Bank		<b>13,552</b>	<b>2.08</b>
<b>Saudi Arabia – 2.60%; 28.2.2022 3.42%</b>			
445,767 Saudi National Bank		7,105	1.09
1,033,495 Saudi Telecom		9,846	1.51
		<b>16,951</b>	<b>2.60</b>
<b>Singapore – 1.49%; 28.2.2022 0.00%</b>			
5,999,700 Singapore Telecommunications <sup>Q</sup>		<b>9,680</b>	<b>1.49</b>
<b>South Korea – 8.97%; 28.2.2022 9.91%</b>			
21,860 Hansol Chemical		3,074	0.47
380,682 KB Financial <sup>Q</sup>		12,116	1.86
35,138 Naver		5,416	0.83
833,553 Samsung Electronics		31,975	4.91
90,037 S-Oil		5,853	0.90
		<b>58,434</b>	<b>8.97</b>
<b>Taiwan – 9.35%; 28.2.2022 10.26%</b>			
1,170,000 Accton Technology		9,365	1.44
3,538,000 Taiwan Semiconductor Manufacturing		50,434	7.75
14,657 Taiwan Semiconductor Manufacturing		1,045	0.16
		<b>60,844</b>	<b>9.35</b>
<b>Thailand – 1.71%; 28.2.2022 2.88%</b>			
481,300 Advanced Info Service		2,182	0.33
10,182,400 PTT		8,955	1.38
		<b>11,137</b>	<b>1.71</b>

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>EUROPE – 1.49%; 28.2.2022 4.24%</b>			
<b>EQUITIES – 1.49%; 28.2.2022 4.24%</b>			
<b>Cyprus – 0.00%; 28.2.2022 0.30%</b>			
126,552	TCS	1	0.00
30,699	TCS <sup>Δ</sup>	–	0.00
		<b>1</b>	<b>0.00</b>
<b>Italy – 0.78%; 28.2.2022 1.08%</b>			
1,090,900	PRADA	<b>5,098</b>	<b>0.78</b>
<b>Poland – 0.71%; 28.2.2022 1.01%</b>			
388,713	Bank Polska Kasa Opieki	<b>4,596</b>	<b>0.71</b>
<b>Russia – 0.00%; 28.2.2022 1.85%</b>			
1,141,480	Fix Price <sup>Δ</sup>	–	0.00
171,542	Gazprom <sup>Δ</sup>	–	0.00
345,764	Lukoil <sup>Δ</sup>	–	0.00
4,704	Novatek <sup>Δ</sup>	–	0.00
14,841	Novatek <sup>Δ</sup>	–	0.00
607,976	Sberbank of Russia <sup>2</sup>	–	0.00
21,073,477	Surgutneftegas	3	0.00
		<b>3</b>	<b>0.00</b>
<b>MIDDLE EAST – 2.33%; 28.2.2022 0.00%</b>			
<b>EQUITIES – 2.33%; 28.2.2022 0.00%</b>			
<b>United Arab Emirates – 2.33%; 28.2.2022 0.00%</b>			
2,864,361	Abu Dhabi Commercial Bank	6,089	0.93
6,226,005	Emaar Properties	9,091	1.40
		<b>15,180</b>	<b>2.33</b>
<b>NORTH AMERICA – 6.71%; 28.2.2022 6.77%</b>			
<b>EQUITIES – 6.71%; 28.2.2022 6.77%</b>			
<b>Mexico – 4.95%; 28.2.2022 3.62%</b>			
3,548,237	Cemex	1,160	0.18

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
1,389,949	Cemex	4,583	0.70
179,373	Fomento Economico Mexicano	9,940	1.53
691,344	Grupo Aeroportuario del Pacifico	8,499	1.31
64,571	Grupo Aeroportuario del Pacifico	7,979	1.23
		<b>32,161</b>	<b>4.95</b>
<b>Panama – 1.14%; 28.2.2022 1.45%</b>			
118,145	Copa	<b>7,416</b>	<b>1.14</b>
<b>United States of America – 0.62%; 28.2.2022 1.70%</b>			
8,290	Project Photon	<b>4,045</b>	<b>0.62</b>
<b>SOUTH AMERICA – 9.56%; 28.2.2022 7.98%</b>			
<b>EQUITIES – 9.56%; 28.2.2022 7.98%</b>			
<b>Brazil – 8.48%; 28.2.2022 6.33%</b>			
2,749,814	Ambev	7,111	1.09
1,051,176	Ambev	2,670	0.41
5,733,316	B3 - Brasil Bolsa Balcao	11,744	1.80
9,316,111	Hapvida Participacoes e Investimentos S/A	11,819	1.82
667,025	Petroleo Brasileiro	3,633	0.56
444,381	Petroleo Brasileiro	5,444	0.84
4,141,422	Sendas Distribuidora	12,728	1.96
		<b>55,149</b>	<b>8.48</b>
<b>Peru – 1.08%; 28.2.2022 1.65%</b>			
63,691	Credicorp	<b>7,029</b>	<b>1.08</b>
<b>COLLECTIVE INVESTMENT SCHEMES – 5.30%; 28.2.2022 4.83%</b>			
<b>Short-term Money Market Funds – 5.30%; 28.2.2022 4.83%</b>			
400,596	BlackRock ICS US Dollar Liquid Environmentally Aware Fund - Agency Income Class <sup>†</sup>	<b>34,492</b>	<b>5.30</b>

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
<b>DERIVATIVES – (0.13%); 28.2.2022 (0.17%)</b>				
<b>Contracts for differences ("CFDs") Long – (0.13%); 28.2.2022 (0.15%)</b>				
1,035,858	Commercial International Bank Egypt	1,814	3	0.00
146,281	Prosus	7,936	(293)	(0.05)
656,768	Prudential	5,929	(524)	(0.08)
		<b>15,679</b>	<b>(814)</b>	<b>(0.13)</b>

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
<b>Futures – 0.00%; 28.2.2022 (0.02%)</b>				
<b>Portfolio of investments</b>			<b>653,934</b>	<b>100.48</b>
Net other liabilities			(3,131)	(0.48)
<b>Total net assets</b>			<b>650,803</b>	<b>100.00</b>

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 on page 11 are expressed at both their mark-to-market and original notional value, 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.

<sup>1</sup> Illiquid Security Fair Valued by the Manager.

<sup>2</sup> Fair valued by the Manager.

<sup>0</sup> All or a portion of this investment represents a security on loan.

<sup>Δ</sup> Suspended investments fair valued at zero.

<sup>†</sup> Managed by a related party.

## Statement of Total Return (unaudited)

for the six months ended 31 August 2022

	31.8.2022	31.8.2021
£000's	£000's	£000's
Income		
Net capital losses	(56,719)	(25,773)
Revenue	24,334	10,364
Expenses	(3,252)	(4,295)
Interest payable and similar charges	(129)	(70)
Net revenue before taxation	20,953	5,999
Taxation	(895)	(903)
Net revenue after taxation	20,058	5,096
<b>Change in net assets attributable to unitholders from investment activities</b>	<b>(36,661)</b>	<b>(20,677)</b>

## Statement of Change in Net Assets Attributable to Unitholders

(unaudited) for the six months ended 31 August 2022

	31.8.2022	31.8.2021
£000's	£000's	£000's
<b>Opening net assets attributable to unitholders</b>	<b>696,977</b>	<b>783,656</b>
Amounts receivable on issue of units	167,865	241,378
Amounts payable on cancellation of units	(177,378)	(115,842)
	(9,513)	125,536
Change in net assets attributable to unitholders from investment activities	(36,661)	(20,677)
<b>Closing net assets attributable to unitholders</b>	<b>650,803</b>	<b>888,515</b>

The above statement shows the comparative closing net assets at 31 August 2021 whereas the current accounting period commenced 1 March 2022.

# Balance Sheet (unaudited)

at 31 August 2022

	31.8.2022	28.2.2022
	£000's	£000's
<b>Assets:</b>		
Fixed assets		
– Investment assets	654,751	667,253
Current assets		
– Debtors	2,953	34,307
– Cash and bank balances	750	9,538
– Cash collateral posted	507	677
<b>Total assets</b>	<b>658,961</b>	<b>711,775</b>
<b>Liabilities:</b>		
Investment liabilities	(817)	(1,162)
Creditors		
– Amounts held at futures clearing houses and brokers	–	(325)
– Cash collateral payable	–	(210)
– Distributions payable	–	(1,428)
– Other creditors	(7,341)	(11,673)
<b>Total liabilities</b>	<b>(8,158)</b>	<b>(14,798)</b>
<b>Net assets attributable to unitholders</b>	<b>650,803</b>	<b>696,977</b>

G D Bamping (Director)

M T Zemek (Director)

BlackRock Fund Managers Limited

28 October 2022

# Notes to Financial Statements (unaudited)

for the six months ended 31 August 2022

## Accounting Policies

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 accounting policies applied are consistent with those of the financial statements for the year ended 28 February 2022 and are described in those annual financial statements.



# 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 Over-the-Counter Financial Derivative Instruments (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)

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 Bank of New York Mellon (International) Limited ("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 as a proportion of the Fund's total lendable assets and Net Asset Value (NAV) and the value of CFDs as a proportion of the Fund's NAV, as at 31 August 2022. The income/returns earned from securities lending and CFDs respectively are also shown for the period ended 31 August 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.

Securities on loan			CFDs		
% of lendable assets	% of NAV	Income earned £000's	% of NAV	Returns earned £000's	
5.01	2.30	14	–	59	

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.

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.

## Supplementary Information continued

The following table details the value of securities on loan (individually identified in the Fund's portfolio statement) and associated collateral received and the underlying exposure value on a gross absolute basis for CFDs, analysed by counterparty as at 31 August 2022.

Counterparty	Counterparty's country of establishment	Securities Lending		CFDs
		Amount on loan	Collateral received	Underlying exposure
		£000's	£000's	£000's
Barclays Capital Securities Limited	UK	2,846	3,380	–
Goldman Sachs International	UK	7,316	7,846	–
J.P. Morgan Securities Plc	UK	2,406	2,655	15,679
Merrill Lynch International	UK	1,348	1,491	–
UBS AG	Switzerland	1,080	1,188	–
<b>Total</b>		<b>14,996</b>	<b>16,560</b>	<b>15,679</b>

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

## Supplementary Information continued

### 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 31 August 2022.

Currency	Cash collateral received	Cash collateral posted	Non-cash collateral received	Non-cash collateral posted
	£000's	£000's	£000's	£000's
<b>Securities lending transactions</b>				
AUD	–	–	97	–
CAD	63	–	413	–
CHF	–	–	102	–
CNY	–	–	699	–
DKK	–	–	9	–
EUR	–	–	4,270	–
GBP	–	–	960	–
HKD	–	–	283	–
JPY	–	–	2,518	–
NOK	–	–	12	–
SEK	–	–	47	–
SGD	–	–	52	–
USD	–	–	7,035	–
<b>Total</b>	<b>63</b>	<b>–</b>	<b>16,497</b>	<b>–</b>

As at 31 August 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.

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 period ended 31 August 2022 is summarised below. These returns represent the accumulative total return of the representative money market fund for the period ended 31 August 2022. These returns do not take into account any interest payable to the counterparty under the relevant collateral arrangements.

Money market fund	Total return %
<b>Institutional Cash Series plc</b>	
BlackRock ICS US Dollar Liquid Environmentally Aware Fund – Agency Income class	2.45

## Supplementary Information continued

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 31 August 2022.

Collateral type and quality	Maturity Tenor					Open transactions	Total
	1 - 7 days	8 - 30 days	31 - 90 days	91 - 365 days	More than 365 days		
	£000's	£000's	£000's	£000's	£000's		
<b>Collateral received - securities lending</b>							
<b>Fixed income</b>							
Investment grade	–	1	–	155	5,510	–	<b>5,666</b>
<b>Equities</b>							
Recognised equity index	–	–	–	–	–	10,682	<b>10,682</b>
<b>ETFs</b>							
UCITS	–	–	–	–	–	56	<b>56</b>
Non-UCITS	–	–	–	–	–	93	<b>93</b>
<b>Total</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>155</b>	<b>5,510</b>	<b>10,831</b>	<b>16,497</b>

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 31 August 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 31 August 2022.

Issuer	Value £000's	% of the Fund's NAV
Goldman Sachs International	7,846	1.20
Barclays Capital Securities Limited	3,317	0.51
J.P. Morgan Securities Plc	2,655	0.41
Merrill Lynch International	1,491	0.23
UBS AG	1,188	0.18
<b>Total</b>	<b>16,497</b>	<b>2.53</b>

# About us

BlackRock is a premier provider of asset management, risk management, and advisory services to institutional, intermediary, and individual clients worldwide. As of 30 September 2022, the firm manages £7.13 trillion across asset classes in separate accounts, mutual funds, other pooled investment vehicles, and the industry-leading iShares® exchange-traded funds.

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

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

## Want to know more?

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