


BlackRock



Interim report and unaudited financial statements

BlackRock UK Smaller Companies Fund

For the six months ended 31 August 2022

NM1122U-2566788-1/20

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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.

Stock Lending Agent

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

Authorised and regulated by the FCA

Auditor

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

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

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

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

* Non-executive Director.

About the Fund

BlackRock UK Smaller Companies Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 13 March 1973. The Fund was previously known as Rowan Securities Fund until 5 May 1987, when the investment objective was changed and the name was changed to Mercury UK Smaller Companies Fund. On 30 September 2000 the Fund changed its name to Merrill Lynch UK Smaller Companies 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 108428.

Assessment of value

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

Fund Manager

As at 31 August 2022, the Fund Manager of the Fund is Roland Arnold.

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 shares of smaller companies incorporated or listed in the UK.

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

Performance Summary

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

	Fund return %	Comparator benchmark %
Class D Accumulation Units	(16.33)	(11.14)

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 (16.33%) and the active return was (5.19%), very regrettably underperforming its comparator benchmark which returned (11.14%) (active return is the difference between the Fund's return and the comparator benchmark).

Investment Report continued

Equity investors faced a difficult period as markets fell in response to recession fears, supply side inflation shocks, war in Europe and concerns around monetary policy. The UK market provided some relative respite, helped by its bias towards the Natural Resources sectors. COVID-19 continued to have an impact as China enforced strict local shutdowns, compounding the global inventory problems. Central bankers raised rates as inflation surged which caused recession fears. The UK saw notable sterling weakness during the period with economic weakness compounded by political uncertainty.

As concerns around economic growth grew, market performance was led by larger US dollar earners, with the FTSE 100's returns ahead of those from small and medium sized companies.

Fund underperformance during the year has been driven by a number of small and medium sized companies that have been aggressively sold off, impacted by concerns around the weakening consumer outlook, despite no reported deterioration in trading for any of these companies. In many cases, it appears that investors have been shifting to more defensive areas of the market and selling anything that had performed well in the previous 12-18 months, with little regard for the fundamental outlook for the business. Watches of Switzerland for example, has been aggressively sold off on concerns around the consumer outlook. However the Manager believes this is slightly unjustified as the Manager does not see the "cost of living" crisis as a particularly acute problem for high end luxury watches where demand continues to far exceed supply. The company has actually reported strong results and expects to continue growing its network and profits for many years, therefore the Manager does not see a market average multiple as sensible or enduring.

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
4imprint [#]	0.90%	Treatt [#]	(0.77%)
Serica Energy [#]	0.46%	Watches of Switzerland [#]	(0.62%)
Gulf Keystone Petroleum [#]	0.39%	IntegraFin [#]	(0.54%)
CVS [#]	0.34%	XP Power [#]	(0.51%)
Spirent Communications [#]	0.30%	Impax Asset Management [#]	(0.50%)

[#] Overweight position - holds more exposure than the benchmark.

The largest detractor was ingredients manufacturer Treatt, which warned that profits for the full year would be approximately 30% lower than guidance as a result of rising costs, slowing demand for ice tea in the US, and the weaker pound sterling. While disappointing in the short term, the company believes that demand across all of its categories and geographies remains strong and it has offset rising input costs with price increases however this has been limited due to its long-term contracts with customers. Watches of Switzerland, as discussed above has been de-rated as a result of its consumer exposure and Impax Asset Management has seen mark to market downgrades on falling equity markets, but Impax continues to see net inflows reflecting the long-term strength of their franchises and their ability to continue to take share.

The largest positive contributor to performance was US focused marketer of promotional products 4imprint, which rallied in response to large upgrades as a result of significant growth in order counts and order values. The company is the largest player in the large US market despite having less than 4% market share and the positive momentum looks set to continue as their marketing is stimulating strong demand growth.

Investment Report continued

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	
Sector	Active Weighting	Sector	Active Weighting
Consumer Discretionary	8.39%	Consumer Discretionary	8.59%
Telecommunications	2.71%	Telecommunications	2.20%
Technology	1.91%	Technology	2.16%

Top underweight positions			
31 August 2022		28 February 2022	
Sector	Active Weighting	Sector	Active Weighting
Financials	(6.72%)	Financials	(3.46%)
Consumer Staples	(2.89%)	Consumer Staples	(2.66%)
Energy	(2.47%)	Health Care	(2.55%)

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

Net Asset Value

At 31 August 2022	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	2,025,668	16,620	820.5
A Accumulation	25,868,656	282,240	1,091
D Income	4,500,789	37,453	832.1
D Accumulation	6,973,425	82,945	1,189
S Income	5,190,184	8,360	161.1
S Accumulation	15,099,856	26,585	176.1

Distributions Payable for the period to 31 August 2022

Unit Class	Distribution payable on 31.10.2022 Pence per Unit
A Income	6.4355
A Accumulation	8.4898
D Income	10.0772
D Accumulation	14.1786
S Income	2.0191
S Accumulation	2.1775

Operating Charges

Unit Class	1.3.2022 to 31.8.2022	1.3.2021 to 28.2.2022
A Income	1.66%	1.69%
A Accumulation	1.66%	1.69%
D Income	0.91%	0.94%
D Accumulation	0.91%	0.94%
S Income	0.83%	0.86%
S Accumulation	0.83%	0.86%

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
EQUITIES – 95.31%; 28.2.2022 100.00%			
CYPRUS – 0.56%; 28.2.2022 0.89%			
Mining – 0.56%; 28.2.2022 0.89%			
1,165,000	Atalaya Mining	2,551	0.56
GERMANY – 1.07%; 28.2.2022 1.53%			
Real Estate Investment & Services – 1.07%; 28.2.2022 1.53%			
6,125,000	Sirius Real Estate	4,875	1.07
IRELAND – 0.17%; 28.2.2022 0.00%			
Pharmaceuticals – 0.17%; 28.2.2022 0.00%			
276,661	Uniphar	791	0.17
JERSEY – 2.38%; 28.2.2022 2.47%			
Building Materials – 1.72%; 28.2.2022 1.92%			
13,100,000	Breedon	7,821	1.72
Diversified Financial Services – 0.66%; 28.2.2022 0.55%			
390,000	JTC	2,984	0.66
SINGAPORE – 0.55%; 28.2.2022 1.58%			
Electricity – 0.55%; 28.2.2022 1.58%			
130,000	XP Power	2,517	0.55
SOUTH AFRICA – 0.78%; 28.2.2022 0.76%			
Mining – 0.78%; 28.2.2022 0.76%			
4,430,000	Sylvania Platinum	3,544	0.78
UNITED KINGDOM – 87.72%; 28.2.2022 90.74%			
Advertising – 2.43%; 28.2.2022 3.06%			
760,000	Next Fifteen Communications	6,498	1.43
4,523,613	Pebble	4,524	1.00
		11,022	2.43
Aerospace & Defence – 1.42%; 28.2.2022 0.77%			
2,080,000	Chemring	6,469	1.42
Automobile Parts & Equipment – 0.80%; 28.2.2022 0.88%			
2,520,000	TI Fluid Systems	3,619	0.80
Beverages – 1.87%; 28.2.2022 2.02%			
829,748	Fuller Smith & Turner	4,746	1.05
314,341	Young & Co's Brewery	3,734	0.82
		8,480	1.87
Building Materials – 1.63%; 28.2.2022 3.90%			
1,010,000	Genuit	3,611	0.80
7,700,000	SigmaRoc	3,788	0.83
		7,399	1.63
Chemicals – 1.20%; 28.2.2022 2.26%			
1,076,226	Treant	5,467	1.20

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
Commercial Services – 11.68%; 28.2.2022 10.32%			
359,500	4imprint	13,697	3.02
913,000	Alpha Financial Markets Consulting	3,743	0.82
4,165,242	Johnson Service	4,074	0.90
2,675,000	QinetiQ	9,346	2.06
1,560,000	Restore	6,708	1.48
1,540,000	Robert Walters	7,792	1.72
770,000	YouGov	7,623	1.68
		52,983	11.68
Computers – 1.31%; 28.2.2022 1.89%			
700,000	Bytes Technology	2,911	0.64
74,093	GB	328	0.07
1,331,062	Kin & Carta	2,729	0.60
		5,968	1.31
Distribution & Wholesale – 0.60%; 28.2.2022 0.73%			
2,627,530	Macfarlane	2,733	0.60
Diversified Financial Services – 6.85%; 28.2.2022 8.37%			
2,900,000	FRP Advisory	4,611	1.02
1,089,393	Impax Asset Management	6,667	1.47
1,849,069	IntegraFin	4,915	1.08
262,500	Liontrust Asset Management	2,412	0.53
1,015,000	Numis	2,492	0.55
510,000	OSB	2,805	0.62
1,856,598	Tatton Asset Management	7,166	1.58
		31,068	6.85
Electrical Components & Equipment – 0.00%; 28.2.2022 0.54%			
Electronics – 4.44%; 28.2.2022 5.62%			
1,000,000	DiscoverIE	7,940	1.75
1,170,000	Luceco	920	0.20
418,000	Oxford Instruments	8,352	1.84
2,017,407	TT Electronics	2,949	0.65
		20,161	4.44
Engineering & Construction – 1.76%; 28.2.2022 2.34%			
225,000	Morgan Sindall	3,861	0.85
621,316	Renew	4,150	0.91
		8,011	1.76
Entertainment – 0.56%; 28.2.2022 0.49%			
2,409,036	Everyman Media	2,529	0.56
Environmental Control – 0.76%; 28.2.2022 0.00%			
450,000	Renewi	3,469	0.76
Food Producers – 1.36%; 28.2.2022 1.24%			
650,000	Hilton Food	6,194	1.36

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
Healthcare Products – 1.06%; 28.2.2022 0.93%			
850,000	Advanced Medical Solutions	2,516	0.55
1,230,000	Inspecs	2,300	0.51
		4,816	1.06
Home Builders – 0.00%; 28.2.2022 0.51%			
Internet – 5.52%; 28.2.2022 4.40%			
1,040,655	Auction Technology	8,617	1.90
4,796,006	Baltic Classifieds	7,184	1.58
3,230,000	Moneysupermarket.com	6,253	1.38
1,300,000	Moonpig	2,551	0.56
944,678	RM	439	0.10
		25,044	5.52
Investment Companies – 0.70%; 28.2.2022 0.51%			
5,603,724	Distribution Finance Capital	1,849	0.41
4,500,000	Mercia Asset Management	1,305	0.29
		3,154	0.70
Leisure Time – 1.31%; 28.2.2022 1.74%			
1,655,000	On the Beach	2,079	0.46
1,899,628	TEN Entertainment	3,875	0.85
		5,954	1.31
Machinery Diversified – 0.21%; 28.2.2022 0.00%			
271,497	Vesuvius	951	0.21
Media – 2.02%; 28.2.2022 1.51%			
2,210,000	Bloomsbury Publishing	9,183	2.02
Mining – 2.05%; 28.2.2022 1.22%			
1,745,000	Anglo Pacific	2,865	0.63
2,825,000	Central Asia Metals	6,455	1.42
		9,320	2.05
Miscellaneous Manufacturing – 2.80%; 28.2.2022 2.32%			
1,190,000	Animalcare	3,451	0.76
550,000	Porvair	2,970	0.65
450,000	Videndum	6,291	1.39
		12,712	2.80
Oil & Gas Producers – 4.02%; 28.2.2022 3.53%			
1,053,832	Gulf Keystone Petroleum	2,450	0.54
7,200,000	IOG	1,944	0.43
5,290,000	Jadestone Energy	4,602	1.01
2,842,195	Longboat Energy	1,279	0.28
2,123,601	Serica Energy ^o	8,006	1.76
		18,281	4.02
Oil & Gas Services – 1.33%; 28.2.2022 0.88%			
2,140,000	Hunting	6,056	1.33

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
Packaging & Containers – 0.64%; 28.2.2022 0.00%			
1,470,000	Essentra	2,928	0.64
Pharmaceuticals – 5.74%; 28.2.2022 4.73%			
5,300,000	Alliance Pharma	4,993	1.10
715,000	CVS	13,020	2.87
730,000	Ergomed	8,045	1.77
		26,058	5.74
Private Equity – 0.53%; 28.2.2022 0.96%			
655,000	Molten Ventures ^o	2,408	0.53
Real Estate Investment & Services – 2.49%; 28.2.2022 2.20%			
2,405,000	CLS	4,464	0.98
530,000	Lok'nStore	5,353	1.18
448,537	LSL Property Services	1,485	0.33
		11,302	2.49
Real Estate Investment Trusts – 2.96%; 28.2.2022 3.16%			
705,000	Great Portland Estates	3,599	0.79
1,530,000	Warehouse Reit	2,365	0.52
1,460,000	Workspace	7,512	1.65
		13,476	2.96
Retail – 3.88%; 28.2.2022 5.71%			
3,140,000	City Pub	1,947	0.43
1,920,000	Pets at Home	6,175	1.36
1,212,500	Watches of Switzerland	9,506	2.09
		17,628	3.88
Software – 3.96%; 28.2.2022 5.43%			
2,695,468	Alfa Financial Software	4,623	1.02
1,256,080	Big Technologies	2,902	0.64
4,229,196	Learning Technologies	4,889	1.08
1,400,464	Team17	5,532	1.22
		17,946	3.96
Telecommunications – 5.43%; 28.2.2022 5.18%			
495,219	accesso Technology	2,783	0.61
1,080,000	Gamma Communications	11,686	2.57
320,803	Gooch & Housego	1,835	0.40
3,250,000	Spirent Communications	8,404	1.85
		24,708	5.43
Textiles – 0.81%; 28.2.2022 0.00%			
6,126,925	Coats	3,664	0.81
Toys, Games & Hobbies – 0.57%; 28.2.2022 0.57%			
36,500	Games Workshop	2,601	0.57
Transportation – 1.02%; 28.2.2022 0.82%			
152,500	Clarkson	4,613	1.02

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
UNITED STATES OF AMERICA – 2.08%; 28.2.2022 2.03%			
Oil & Gas Producers – 0.95%; 28.2.2022 0.81%			
3,300,000	Diversified Energy	4,330	0.95
Software – 1.13%; 28.2.2022 1.22%			
2,665,000	Boku	2,478	0.55
3,180,000	Devolver Digital	2,639	0.58
		5,117	1.13
COLLECTIVE INVESTMENT			
SCHEMES – 5.15%; 28.2.2022 0.63%			
Short-term Money Market Funds – 5.15%; 28.2.2022 0.63%			
234,074	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class†	23,395	5.15
<hr/>			
Portfolio of investments		456,300	100.46
Net other liabilities		(2,097)	(0.46)
<hr/>			
Total net assets		454,203	100.00

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

⁰ All or a portion of this investment represents a security on loan.

[†] 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)/gains	(89,961)	140,275
Revenue	7,992	6,628
Expenses	(3,629)	(4,328)
Net revenue before taxation	4,363	2,300
Taxation	(36)	(1)
Net revenue after taxation	4,327	2,299
Total return before distributions	(85,634)	142,574
Distributions	(4,327)	(2,299)
Change in net assets attributable to unitholders from investment activities	(89,961)	140,275

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
Opening net assets attributable to unitholders	558,026	532,771
Amounts receivable on issue of units	34,631	43,501
Amounts payable on cancellation of units	(52,006)	(34,197)
	(17,375)	9,304
Change in net assets attributable to unitholders from investment activities	(89,961)	140,275
Retained distribution on accumulation units	3,513	1,951
Closing net assets attributable to unitholders	454,203	684,301

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
Assets:		
Fixed assets		
– Investment assets	456,300	561,561
Current assets		
– Debtors	1,847	1,418
– Cash and bank balances	1,325	1,620
Total assets	459,472	564,599
Liabilities:		
Creditors		
– Distributions payable	(688)	(176)
– Other creditors	(4,581)	(6,397)
Total liabilities	(5,269)	(6,573)
Net assets attributable to unitholders	454,203	558,026

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

Securities Lending

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) as at 31 August 2022 and the income earned 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.

Securities on loan			
% of lendable assets		% of NAV	Income earned £000's
0.17		0.15	1

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.

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

Counterparty	Counterparty's country of establishment	Securities Lending	
		Amount on loan	Collateral received
		£000's	£000's
Merrill Lynch International	UK	12	13
The Bank of Nova Scotia	Canada	673	753
Total		685	766

All securities on loan 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, 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
Securities lending transactions				
CAD	–	–	677	–
EUR	–	–	13	–
GBP	–	–	14	–
JPY	–	–	4	–
USD	–	–	58	–
Total	–	–	766	–

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

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received/posted by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions, as at 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	£000's		
Collateral received - securities lending								
Fixed income								
Investment grade	–	–	–	1	8	–	9	
Equities								
Recognised equity index	–	–	–	–	–	757	757	
Total	–	–	–	1	8	757	766	

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.

Supplementary Information continued

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

As at 31 August 2022, all non-cash collateral received by the Fund in respect of securities lending transactions is held by the Fund's Trustee (or through its delegates).

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions as at 31 August 2022.

Issuer	Value £000's	% of the Fund's NAV
The Bank of Nova Scotia	753	0.17
Merrill Lynch International	13	0.00
Total	766	0.17

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.

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