

# **BlackRock**



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

BlackRock UK Special Situations Fund

For the six months ended 31 August 2024

NM1024U-3987415-1/19

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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\*  
W I Cullen\*  
D Edgar  
T S Hale (Appointed 16 April 2024)  
A M Lawrence  
H N Mepham (Resigned 30 June 2024)  
S Sabin  
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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[www.blackrock.co.uk](http://www.blackrock.co.uk)

**For your protection, telephone calls are usually recorded.**

\* Non-executive Director.

## About the Fund

BlackRock UK Special Situations Fund (the “Fund”) is a UK UCITS scheme under the COLL Sourcebook. The Fund was established on 27 January 1981. The name of the Fund was changed to Mercury Recovery Fund (from Mercury Income and Recovery Fund) in February 1984, to Merrill Lynch Recovery Fund on 30 September 2000, to Merrill Lynch UK Value Fund on 10 September 2001 and to Merrill Lynch UK Special Situations Fund on 1 September 2004. 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 108425.

### 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 30 October 2023 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 2024.

### Task Force on Climate-Related Financial Disclosures

The Manager has produced a supplemental detailed Climate Report which can be found on BlackRock's website [www.blackrock.com/uk/literature/public-disclosure/tcf-d-product-level-disclosure-report-bibf.pdf](http://www.blackrock.com/uk/literature/public-disclosure/tcf-d-product-level-disclosure-report-bibf.pdf) which is a response to, and is consistent with, all the recommendations and relevant recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD). These disclosures describe how the Manager incorporates climate-related risks and opportunities into governance, strategy, risk management, metrics and targets and how the Manager is responding to the expectations of our stakeholders.

## Fund Manager

As at 31 August 2024, the Fund Manager was Roland Arnold.

## Significant Events

### Changes in the Directors of the Manager

T S Hale was appointed as a Director effective 16 April 2024.

H N Mephram resigned as a Director effective 30 June 2024.



# Investment Manager's Report

for the six months ended 31 August 2024

## 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 companies incorporated or listed in the UK.

Comparator benchmark	Investment management approach
IA UK All Companies Sector Average	Active

## Performance Summary

The following table compares the Fund's realised performance against the performance of the comparator benchmark during the financial period ended 31 August 2024.

	Fund return %	Comparator benchmark %
Class D Accumulation Units	10.81	11.90

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

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

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

## Global Economic Overview

Global equities, as represented by the MSCI All Country World Index, returned 6.40% (in GBP terms) during the six months ended 31 August 2024. Equities gained amid milder inflation (the rate of increase in the prices of goods and services) and investor expectations of a shift in monetary policy from the world's largest central banks. However, heightened geopolitical tensions, including the war in the Middle East and attacks on Red Sea shipping lanes, raised the prospect of disruption to the global economy.

# Investment Manager's Report continued

Economic growth in the US slowed somewhat in the first quarter of 2024 but outperformed analysts' expectations in the second quarter. Demand from companies for workers remained high for most of the six-month period, but there were signs of weakness in the US jobs market in August 2024. In Japan, gross domestic product ("GDP") contracted in the first quarter of 2024, but recovered strongly in the second quarter due to rising private consumption. The UK economy rebounded from a mild recession with positive growth in the first and second quarters as services and production output accelerated. The Eurozone also returned to growth, helped by the strong performance of several of the bloc's smaller nations, including Ireland, Spain and Portugal. Eurozone inflation remained moderate, as consumer spending was tepid and consumer confidence remained below pre-pandemic levels.

Most emerging market economies continued to expand, although geopolitical tensions and higher interest rates presented significant economic challenges. China's GDP grew more slowly than expected despite significant government stimulus, and investors remained concerned about the country's real estate sector and weak retail sales. India's economy continued to post strong growth and industrial production grew on an annual basis throughout the period.

Central banks in the West started to loosen monetary policy, or prepared to do so. The US Federal Reserve ("the Fed") kept interest rates steady but suggested that an initial rate cut was likely in September 2024. The Fed continued to reduce some of the accumulated bond holdings on its balance sheet. Both the Bank of England ("BoE") and the European Central Bank ("ECB") cut interest rates later in the six month period. Furthermore, the ECB continued to reduce the size of its balance sheet by allowing some of its outstanding bonds to mature without reinvestment. In a notable shift, the Bank of Japan ("BoJ") raised interest rates in March 2024 – its first hike since 2007 – and then again in July.

Global equity performance was strong overall: declining inflation drove hopes that monetary policy would begin to loosen, although signs of slowing economic growth caused concern among investors in August. US stocks posted robust gains as the US economy performed better than most developed countries, with major technology stocks advancing on hopes that developments in artificial intelligence would drive growth. European stocks rose as declining inflation drove hopes for lower interest rates. Stocks in Asia also gained, despite continued concerns about China's economy and regulatory environment. Emerging markets stocks posted solid returns, helped by the prospect of monetary policy loosening in developed economies. Globally, bonds and equities that factor companies' environmental, social and governance ("ESG") characteristics faced regulatory concerns and shifting investor sentiment. ESG funds experienced positive inflows overall. Although European investment held up, there were outflows in the US following politicians' attempts to impose restrictions on investing in ESG-focused funds. In both the US and Europe, regulators proposed new rules to ensure investment companies were able to substantiate claims related to sustainability. The US Securities and Exchange Commission ("SEC") is expected to introduce regulations governing investment companies' climate disclosures by the end of 2024. Meanwhile, the European Securities and Markets Authority ("ESMA") published guidelines relating to the how investment companies use ESG-related terms. These are due to come into effect later in 2024. In the UK, the Financial Conduct Authority ("FCA") introduced a package of measures to improve the trust and transparency of sustainable investment products. The anti-greenwashing rule came into effect on 31 May 2024 and UK-based fund managers were able to start using the new investment labels from 31 July 2024.

# Investment Manager's Report continued

Global government bond yields (which move inversely to prices) rose early in the six month period as inflation remained stubbornly above central bank targets. However, US Treasury yields fell sharply in August 2024 as expectations of an interest rate cut by the Fed increased. Yields on UK gilts and European government bonds followed a similar trajectory, although yields on French government bonds rose particularly sharply after the surprise announcement of national elections in June 2024. Japanese government bond yields rose following changes to the BoJ's yield curve control policy and increases in interest rates but fell back late in the six month period due to the strengthening Japanese yen. Global corporate bond performance was broadly positive; increasing bond yields attracted investors, and continued resilience in the global economy alleviated credit concerns, particularly for high-yield bonds.

In the commodities markets, Brent crude oil prices rose in April as continued instability in the Middle East caused concern among investors but fell back following global production increases and concerns about global growth. Gold prices increased significantly amid rising geopolitical tensions, the possibility of Fed interest rate reductions and rising demand from investors in Asia. Copper prices also rose due to supply constraints and demand from decarbonisation and electrification efforts.

In the foreign exchange markets, the US dollar was down relative to other major global currencies. The US dollar fell against sterling, the euro, the Japanese yen and the Chinese yuan.

## Fund Performance Review and Activity

Over the six month period to 31 August 2024, the Fund's performance return was 10.81% and the active return was (1.09%), regrettably underperforming its comparator benchmark which returned 11.90% (active return is the difference between the Fund's return and the comparator benchmark return).

The financial period saw global equity markets driven by the growing impact of artificial intelligence ("AI"), showcasing the resilience of technology-driven companies amidst evolving economic conditions and changing monetary policies. As the months progressed, market dynamics evolved, with equity returns broadening. Inflation eased in the UK but high service sector costs suggested no imminent rate cuts. By July, in Europe the headline inflation fell to 2.5%, and the UK experienced a political shift with Labour's election victory in the general elections. The UK's gross domestic product ("GDP") growth indicated economic momentum, and steady inflation aligned with Bank of England ("BoE") targets saw the first rate cut in August.

The Fund underperformed over the period, primarily due to allocations to the Consumer Services and Health Care sectors.

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	
Sector	Effect on Fund return	Sector	Effect on Fund return
Financials <sup>^</sup>	1.55%	Consumer Services <sup>#</sup>	(2.19%)
Consumer Goods <sup>^</sup>	0.43%	Health Care <sup>^</sup>	(0.65%)
Telecommunications <sup>^</sup>	0.20%	Industrials <sup>#</sup>	(0.58%)
Utilities <sup>^</sup>	0.05%	Oil & Gas <sup>^</sup>	(0.16%)
Basic Materials <sup>#</sup>	0.03%	Technology <sup>#</sup>	(0.11%)

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

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



# Investment Manager's Report continued

Consumer services and health care detracted the most. Within consumer services an allocation to YouGov, which issued a profit warning earlier this year underperformed and an underweight allocation to AstraZeneca also detracted within health care as the pharmaceutical company posted strong financial results.

The Financials sector was the top contributor, particularly through investments in high quality companies such as IntegraFin which has seen continued net inflows onto its market leading investment platform.

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 2024 and 29 February 2024:

Top overweight positions			
31 August 2024		29 February 2024	
Stock	Active Weighting	Stock	Active Weighting
Workspace	2.72%	Gamma Communications	2.84%
IntegraFin	2.61%	4imprint	2.64%
Gamma	2.47%	Workspace	2.23%

Top underweight positions			
31 August 2024		29 February 2024	
Stock	Active Weighting	Stock	Active Weighting
Shell	(3.46%)	Shell	(3.43%)
AstraZeneca	(3.36%)	HSBC	(2.68%)
HSBC	(2.82%)	AstraZeneca	(2.53%)

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

## Net Asset Value

At 31 August 2024	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	337,988	9,310	2,755
A Accumulation	2,708,654	141,740	5,233
X Income	102	3	2,717
X Accumulation	9,991,443	12,408	124.2
D Income	1,112,716	30,736	2,762
D Accumulation	2,720,726	158,585	5,829
S Income	6,548,415	8,994	137.4
S Accumulation	27,485,527	45,541	165.7

## Distributions Payable for the period to 31 August 2024

Unit Class	Distribution payable on 31.10.2024 Pence per Unit
A Income	33.6458
A Accumulation	63.0561
X Income	54.7354
X Accumulation	2.4473
D Income	43.9948
D Accumulation	91.2824
S Income	2.2408
S Accumulation	2.6549

## Operating Charges

Unit Class	1.3.2024 to 31.8.2024	1.3.2023 to 29.2.2024
A Income	1.66%	1.66%
A Accumulation	1.66%	1.66%
X Income	0.02%	0.02%
X Accumulation	0.02%	0.02%
D Income	0.91%	0.91%
D Accumulation	0.91%	0.91%
S Income	0.83%	0.83%
S Accumulation	0.83%	0.83%

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 2024

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>EQUITIES – 99.34%; 29.2.2024 99.84%</b>			
<b>BERMUDA – 0.00%; 29.2.2024 1.08%</b>			
<b>Insurance – 0.00%; 29.2.2024 1.08%</b>			
<b>GERMANY – 1.09%; 29.2.2024 1.02%</b>			
<b>Real Estate Investment &amp; Services – 1.09%; 29.2.2024 1.02%</b>			
4,522,886	Sirius Real Estate	<b>4,423</b>	<b>1.09</b>
<b>IRELAND – 4.19%; 29.2.2024 3.78%</b>			
<b>Banks – 0.00%; 29.2.2024 0.41%</b>			
<b>Forest Products &amp; Paper – 0.00%; 29.2.2024 1.81%</b>			
<b>Packaging &amp; Containers – 2.48%; 29.2.2024 0.00%</b>			
281,056	Smurfit WestRock <sup>o</sup>	<b>10,093</b>	<b>2.48</b>
<b>Retail – 1.71%; 29.2.2024 1.56%</b>			
646,344	Grafton	<b>6,977</b>	<b>1.71</b>
<b>JERSEY – 0.27%; 29.2.2024 0.00%</b>			
<b>Investment Companies – 0.27%; 29.2.2024 0.00%</b>			
160,289	Rosebank Industries	<b>1,090</b>	<b>0.27</b>
<b>LITHUANIA – 1.99%; 29.2.2024 1.51%</b>			
<b>Internet – 1.99%; 29.2.2024 1.51%</b>			
2,846,731	Baltic Classifieds	<b>8,099</b>	<b>1.99</b>
<b>UNITED KINGDOM – 90.99%; 29.2.2024 91.58%</b>			
<b>Advertising – 0.75%; 29.2.2024 1.41%</b>			
357,696	Next 15	<b>3,037</b>	<b>0.75</b>
<b>Aerospace &amp; Defence – 1.38%; 29.2.2024 2.59%</b>			
1,170,835	Melrose Industries	<b>5,642</b>	<b>1.38</b>
<b>Automobile Parts &amp; Equipment – 0.00%; 29.2.2024 0.75%</b>			
<b>Banks – 6.54%; 29.2.2024 4.27%</b>			
2,176,812	Barclays	4,971	1.22
1,414,446	HSBC <sup>o</sup>	9,429	2.31
1,619,493	NatWest	5,589	1.37
855,732	Standard Chartered	6,668	1.64
		<b>26,657</b>	<b>6.54</b>
<b>Beverages – 2.12%; 29.2.2024 1.83%</b>			
562,250	Fuller Smith & Turner	4,183	1.03
472,970	Young & s Brewery	4,455	1.09
		<b>8,638</b>	<b>2.12</b>
<b>Building Materials – 2.94%; 29.2.2024 2.99%</b>			
2,042,010	Breedon	8,556	2.10
1,091,364	lbstock	2,004	0.49
1,994,385	SigmaRoc	1,434	0.35
		<b>11,994</b>	<b>2.94</b>

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Chemicals – 0.79%; 29.2.2024 0.54%</b>			
673,827	Treatt	<b>3,207</b>	<b>0.79</b>
<b>Commercial Services – 7.51%; 29.2.2024 10.82%</b>			
137,060	4imprint	7,223	1.77
66,324	Intertek <sup>o</sup>	3,283	0.81
352,118	RELX	12,461	3.06
1,148,813	Robert Walters	4,251	1.04
1,122,548	XPS Pensions	3,390	0.83
		<b>30,608</b>	<b>7.51</b>
<b>Computers – 0.45%; 29.2.2024 1.48%</b>			
67,199	Computacenter	<b>1,832</b>	<b>0.45</b>
<b>Cosmetics &amp; Personal Care – 3.41%; 29.2.2024 2.65%</b>			
283,000	Unilever <sup>o</sup>	<b>13,881</b>	<b>3.41</b>
<b>Distribution &amp; Wholesale – 1.99%; 29.2.2024 0.91%</b>			
58,950	Bunzl	2,086	0.51
430,972	RS <sup>o</sup>	3,374	0.83
292,553	Travis Perkins	2,652	0.65
		<b>8,112</b>	<b>1.99</b>
<b>Diversified Financial Services – 8.67%; 29.2.2024 9.05%</b>			
1,170,448	Ashmore	2,046	0.50
209,652	IG	2,037	0.50
2,811,964	IntegraFin	10,882	2.67
154,414	London Stock Exchange <sup>o</sup>	15,812	3.88
1,871,898	TP ICAP	4,549	1.12
		<b>35,326</b>	<b>8.67</b>
<b>Electronics – 1.21%; 29.2.2024 1.80%</b>			
216,079	Oxford Instruments	<b>4,948</b>	<b>1.21</b>
<b>Engineering &amp; Construction – 2.33%; 29.2.2024 2.54%</b>			
1,218,089	Balfour Beatty	5,104	1.25
146,963	Morgan Sindall	4,394	1.08
		<b>9,498</b>	<b>2.33</b>
<b>Food Producers – 2.23%; 29.2.2024 0.00%</b>			
113,366	Cranswick	5,459	1.34
1,056,086	Marks & Spencer	3,613	0.89
		<b>9,072</b>	<b>2.23</b>
<b>Food Services – 3.02%; 29.2.2024 2.20%</b>			
513,588	Compass	<b>12,316</b>	<b>3.02</b>
<b>Home Builders – 2.79%; 29.2.2024 1.93%</b>			
191,341	Bellway	5,805	1.43
3,432,611	Taylor Wimpey	5,525	1.36
		<b>11,330</b>	<b>2.79</b>

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Household Products – 0.00%; 29.2.2024 1.52%</b>			
<b>Internet – 1.37%; 29.2.2024 1.64%</b>			
476,037	Auction Technology	1,983	0.49
330,679	Future	3,571	0.88
		<b>5,554</b>	<b>1.37</b>
<b>Leisure Time – 0.00%; 29.2.2024 0.00%</b>			
772,401	Patisserie <sup>1</sup>	–	<b>0.00</b>
<b>Lodging – 0.00%; 29.2.2024 1.12%</b>			
<b>Machinery Construction &amp; Mining – 1.49%; 29.2.2024 1.26%</b>			
304,055	Weir <sup>0</sup>	<b>6,087</b>	<b>1.49</b>
<b>Machinery Diversified – 1.92%; 29.2.2024 2.01%</b>			
2,345,889	Rotork	<b>7,812</b>	<b>1.92</b>
<b>Media – 0.86%; 29.2.2024 0.00%</b>			
422,074	Informa	<b>3,518</b>	<b>0.86</b>
<b>Metal &amp; Hardware – 0.55%; 29.2.2024 0.00%</b>			
340,239	Bodycote	<b>2,246</b>	<b>0.55</b>
<b>Mining – 4.65%; 29.2.2024 5.11%</b>			
207,089	Anglo American	4,573	1.12
2,142,494	Central Asia Metals	4,049	0.99
217,332	Rio Tinto	10,366	2.54
		<b>18,988</b>	<b>4.65</b>
<b>Miscellaneous Manufacturing – 2.45%; 29.2.2024 1.17%</b>			
1,569,694	Chemring	6,389	1.57
166,869	Hill & Smith	3,571	0.88
		<b>9,960</b>	<b>2.45</b>
<b>Oil &amp; Gas Producers – 6.08%; 29.2.2024 7.40%</b>			
2,400,000	BP	10,306	2.53
539,832	Shell	14,473	3.55
		<b>24,779</b>	<b>6.08</b>
<b>Pharmaceuticals – 6.28%; 29.2.2024 6.64%</b>			
146,666	AstraZeneca	19,465	4.78
357,826	CVS	4,058	1.00
215,507	Indivior <sup>0</sup>	2,018	0.50
		<b>25,541</b>	<b>6.28</b>
<b>Private Equity – 1.76%; 29.2.2024 2.42%</b>			
338,038	Intermediate Capital	<b>7,187</b>	<b>1.76</b>
<b>Real Estate Investment &amp; Services – 1.18%; 29.2.2024 1.08%</b>			
2,000,911	Grainger	<b>4,792</b>	<b>1.18</b>

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Real Estate Investment Trusts – 5.03%; 29.2.2024 2.84%</b>			
1,753,312	Great Portland Estates	5,900	1.45
2,263,956	Shaftesbury Capital	3,326	0.82
1,826,063	Workspace	11,248	2.76
		<b>20,474</b>	<b>5.03</b>
<b>Retail – 4.59%; 29.2.2024 4.40%</b>			
275,347	Dunelm	3,425	0.84
69,382	Next	7,053	1.73
641,259	WH Smith <sup>0</sup>	8,214	2.02
		<b>18,692</b>	<b>4.59</b>
<b>Software – 0.56%; 29.2.2024 0.52%</b>			
905,088	Team17	<b>2,263</b>	<b>0.56</b>
<b>Telecommunications – 4.09%; 29.2.2024 4.15%</b>			
386,335	accesso Technology	2,171	0.53
660,990	Gamma Communications	10,126	2.49
1,922,174	GlobalData	4,344	1.07
		<b>16,641</b>	<b>4.09</b>
<b>Toys, Games &amp; Hobbies – 0.00%; 29.2.2024 0.54%</b>			
<b>UNITED STATES OF AMERICA – 0.81%; 29.2.2024 0.87%</b>			
<b>Software – 0.81%; 29.2.2024 0.87%</b>			
1,945,122	Boku	<b>3,307</b>	<b>0.81</b>
<b>COLLECTIVE INVESTMENT SCHEMES – 0.91%; 29.2.2024 0.36%</b>			
<b>Short-term Money Market Funds – 0.91%; 29.2.2024 0.36%</b>			
37,256	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class <sup>1</sup>	<b>3,726</b>	<b>0.91</b>
<b>Portfolio of investments</b>		<b>408,347</b>	<b>100.25</b>
Net other liabilities		(1,030)	(0.25)
<b>Total net assets</b>		<b>407,317</b>	<b>100.00</b>

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

<sup>1</sup> These securities were valued in consultation with the Manager. These securities were fair valued or suspended at financial period end.

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

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

## Statement of Total Return (unaudited)

for the six months ended 31 August 2024

	31.8.2024	31.8.2023
£000's	£000's	£000's
Income		
Net capital gains/(losses)	34,936	(30,601)
Revenue	8,701	9,827
Expenses	(2,396)	(2,735)
Net revenue before taxation	6,305	7,092
Taxation	–	–
Net revenue after taxation	6,305	7,092
Total return before distributions	41,241	(23,509)
Distributions	(6,305)	(7,121)
<b>Change in net assets attributable to unitholders from investment activities</b>	<b>34,936</b>	<b>(30,630)</b>

## Statement of Change in Net Assets Attributable to Unitholders

(unaudited) for the six months ended 31 August 2024

	31.8.2024	31.8.2023
£000's	£000's	£000's
<b>Opening net assets attributable to unitholders</b>	<b>414,570</b>	<b>513,345</b>
Amounts receivable on issue of units	16,659	13,143
Amounts payable on cancellation of units	(64,014)	(56,141)
	(47,355)	(42,998)
Change in net assets attributable to unitholders from investment activities	34,936	(30,630)
Retained distribution on accumulation units	5,166	5,919
<b>Closing net assets attributable to unitholders</b>	<b>407,317</b>	<b>445,636</b>

The above statement shows the comparative closing net assets at 31 August 2023 whereas the current accounting period commenced 1 March 2024.

# Balance Sheet (unaudited)

at 31 August 2024

	31.8.2024	29.2.2024
	£000's	£000's
<b>Assets:</b>		
Fixed assets		
– Investment assets	408,347	415,402
Current assets		
– Debtors	2,788	1,723
– Cash and bank balances	380	674
<b>Total assets</b>	<b>411,515</b>	<b>417,799</b>
<b>Liabilities:</b>		
Creditors		
– Distributions payable	(750)	(311)
– Other creditors	(3,448)	(2,918)
<b>Total liabilities</b>	<b>(4,198)</b>	<b>(3,229)</b>
<b>Net assets attributable to unitholders</b>	<b>407,317</b>	<b>414,570</b>

G D Bamping (Director)

M T Zemek (Director)

BlackRock Fund Managers Limited

30 October 2024

# Notes to Financial Statements (unaudited)

for the six months ended 31 August 2024

## 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 29 February 2024 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 2024 and the income earned for the period ended 31 August 2024. 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
9.31	9.17	47

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 2024.

Counterparty	Counterparty's country of establishment	Securities Lending	
		Amount on loan	Collateral received
		£000's	£000's
Barclays Capital Securities Limited	UK	29,926	31,743
BNP Paribas	France	946	1,001
HSBC Bank	UK	6,114	6,736
The Bank of Nova Scotia	Canada	374	407
<b>Total</b>		<b>37,360</b>	<b>39,887</b>

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 2024.

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>				
CAD	–	–	55	–
CHF	–	–	202	–
CNY	–	–	69	–
EUR	–	–	20,743	–
GBP	–	–	6,739	–
HKD	–	–	2	–
NOK	–	–	51	–
USD	–	–	12,026	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>39,887</b>	<b>–</b>

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 2024.

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		
<b>Collateral received - securities lending</b>								
<b>Fixed income</b>								
Investment grade	–	–	3,213	2,098	26,877	–	<b>32,188</b>	
<b>Equities</b>								
Recognised equity index	–	–	–	–	–	6,230	<b>6,230</b>	
<b>ETFs</b>								
Non-UCITS	–	–	–	–	–	1,469	<b>1,469</b>	
<b>Total</b>	<b>–</b>	<b>–</b>	<b>3,213</b>	<b>2,098</b>	<b>26,877</b>	<b>7,699</b>	<b>39,887</b>	

## Supplementary Information continued

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 2024, 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 2024.

<b>Issuer</b>	<b>Value £000's</b>	<b>% of the Fund's NAV</b>
United Kingdom Of Great Britain And Northern Ireland (Government)	6,105	1.50
United States Treasury	5,770	1.42
France, Republic Of (Government)	5,619	1.38
Austria, Republic Of (Government)	4,902	1.20
Belgium, Kingdom Of (Government)	3,329	0.82
Ireland (Government)	3,271	0.80
Germany, Federal Republic Of (Government)	2,239	0.55
Netherlands, Kingdom Of The (Government)	938	0.23
Apple Inc	615	0.15
Amgen Inc	613	0.15
Other issuers	6,486	1.59
<b>Total</b>	<b>39,887</b>	<b>9.79</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 2024, the firm manages £8.73 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 38 countries around the world.

## Want to know more?

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