


# **BlackRock**



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

BlackRock US Dynamic Fund

For the six months ended 31 August 2022

NM1122U-2566811-1/19

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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\*  
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 Investment Management, LLC  
1 University Square Drive, Princeton NJ 08540, 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 US Dynamic Fund (the “Fund”) is a UCITS scheme under the COLL Sourcebook. The Fund was established on 1 December 1982. The Fund was previously known as Mercury American Growth Fund. It was renamed Mercury American Fund and the investment objective changed on 26 March 1992. With effect from 30 September 2000, the Fund was renamed Merrill Lynch American Fund. It was renamed Merrill Lynch US Dynamic Fund and the investment objective changed on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008. The Fund’s FCA product reference number is 108374.

### 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 Todd Burnside and Joseph Wolfe.

## 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.

## Risk and Reward Profile

| <b>Unit Class</b> | <b>Lower risk<br/>Typically lower rewards</b> |   |   |   |   | <b>Higher risk<br/>Typically higher rewards</b> |   |
|-------------------|---|---|---|---|---|---|---|
| A Income          | 1   | 2 | 3 | 4 | 5 | <b>6</b>  | 7 |
| A Accumulation    | 1   | 2 | 3 | 4 | 5 | <b>6</b>  | 7 |
| D Income          | 1   | 2 | 3 | 4 | 5 | <b>6</b>  | 7 |
| D Accumulation    | 1   | 2 | 3 | 4 | 5 | <b>6</b>  | 7 |

- The risk indicator was calculated incorporating historical or simulated historical data and may not be a reliable indication of the future risk profile of the Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest category does not mean risk free.

For more information on this, please see the Fund’s Key Investor Information Documents (“KIIDs”), which are available at **[www.blackrock.com](http://www.blackrock.com)**.

# 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 companies incorporated or listed in the United States.

| Comparator benchmark | Investment management approach |
|----------------------|--------------------------------|
| Russell 1000 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<br>% | Comparator<br>benchmark<br>% |
|----------------------------|------------------|------------------------------|
| Class D Accumulation Units | 8.34             | 4.41                         |

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 8.34% and the active return was 3.93%, outperforming its comparator benchmark index which returned 4.41% (active return is the difference between the Fund's return and the comparator benchmark index).

# Investment Report continued

US equities, as represented by the S&P 500 Index, returned -8.83% during the six month period ending 31 August 2022. US equities were under immense pressure in the second quarter as investors priced in further interest rate hikes and increased recession fears. The S&P 500 recorded its worst start to a year since 1970 with the primary driver being rising interest rates. Unsurprisingly, annual inflation accelerated to 9.1% in June, the highest reading since December 1981. To combat rising inflation, the Fed was forced to take increasingly aggressive measures with rate hikes; a +50bps increase in early May followed by a +75 basis points increase in the middle of June and +75 basis points in July. In July, however, surprisingly resilient earnings reports from companies across sectors, along with a modestly lower inflation print, drove strong equity returns through July and August.

During the period, the top performers in the Fund's benchmark index, the Russell 1000, were the energy sector, driven by strong supply/demand dynamics, as well as utilities which provided stability during a volatile market. While the Fund benefited from its overweight positioning within energy, its underweight to the utilities and consumer staples sectors, which the Manager views as expensive, hindered relative results. Conversely, the worst performing sectors in the index were information technology, consumer discretionary and communication services.

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 |
| Energy <sup>#</sup>                 | 1.64%                 | Utilities <sup>^</sup>        | (0.58%)               |
| Materials <sup>#</sup>              | 0.94%                 | Health Care <sup>^</sup>      | (0.36%)               |
| Industrials <sup>#</sup>            | 0.82%                 | Real Estate <sup>^</sup>      | (0.19%)               |
| Information Technology <sup>^</sup> | 0.78%                 | Consumer Staples <sup>^</sup> | (0.16%)               |
| Financials <sup>#</sup>             | 0.65%                 |                               |                       |

# Overweight position - holds more exposure than the benchmark.

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

During the 6 month period, ending 31 August 2022, the top contributor to relative returns was the portfolio's positioning in energy, as the Manager's overweight and stock selection boosted relative results. The Manager's stock selection in materials also proved additive, as selection decisions in the chemicals industry added to relative performance. Other notable contributors for the period were the Manager's stock selection in industrials and information technology.

The largest detractor during the period was the Fund's positioning in utilities, as the Manager's decision to not invest in the sector weighed on relative performance. Investment decisions in health care also proved costly as stock selection within pharmaceuticals and life sciences tools & services hurt relative results. Other notable detractors during the period included investment decisions within real estate and allocation decisions within consumer staples.



# 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:

| <b>Top overweight positions</b> |                         |                         |                         |
|---------------------------------|-------------------------|-------------------------|-------------------------|
| <b>31 August 2022</b>           |                         | <b>28 February 2022</b> |                         |
| <b>Sector</b>                   | <b>Active Weighting</b> | <b>Sector</b>           | <b>Active Weighting</b> |
| Consumer Discretionary          | 14.56%                  | Consumer Discretionary  | 14.00%                  |
| Communication Services          | 10.35%                  | Communication Services  | 12.55%                  |
| Materials                       | 5.35%                   | Materials               | 5.44%                   |

| <b>Top underweight positions</b> |                         |                         |                         |
|----------------------------------|-------------------------|-------------------------|-------------------------|
| <b>31 August 2022</b>            |                         | <b>28 February 2022</b> |                         |
| <b>Sector</b>                    | <b>Active Weighting</b> | <b>Sector</b>           | <b>Active Weighting</b> |
| Information Technology           | 21.84%                  | Information Technology  | 25.40%                  |
| Consumer Staples                 | 4.30%                   | Consumer Staples        | 2.56%                   |
| Utilities                        | 0.00%                   | Utilities               | 0.00%                   |

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<br>£000's | Net Asset Value<br>per Unit<br>p |
|-------------------|----------------|---------------------------|----------------------------------|
| A Income          | 151,170        | 3,244                     | 2,146                            |
| A Accumulation    | 2,602,249      | 59,916                    | 2,302                            |
| D Income          | 1,732,428      | 38,189                    | 2,204                            |
| D Accumulation    | 3,122,631      | 77,310                    | 2,476                            |

## 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<br>to 31.8.2022 | 1.3.2021<br>to 28.2.2022 |
|----------------|--------------------------|--------------------------|
| A Income       | 1.64%                    | 1.64%                    |
| A Accumulation | 1.64%                    | 1.64%                    |
| D Income       | 0.89%                    | 0.89%                    |
| D Accumulation | 0.89%                    | 0.89%                    |

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<br>£000's | % of Total Net Assets |
|--|--|------------------------|-----------------------|
| <b>EQUITIES – 99.19%; 28.2.2022 99.61%</b>                       |  |                        |                       |
| <b>DENMARK – 1.27%; 28.2.2022 1.15%</b>                          |  |                        |                       |
| <b>Pharmaceuticals – 1.27%; 28.2.2022 1.15%</b>                  |  |                        |                       |
| 24,823   | Novo Nordisk                           | 2,266                  | 1.27                  |
| <b>FRANCE – 2.05%; 28.2.2022 2.00%</b>                           |  |                        |                       |
| <b>Pharmaceuticals – 2.05%; 28.2.2022 2.00%</b>                  |  |                        |                       |
| 103,189  | Sanofi                                 | 3,663                  | 2.05                  |
| <b>IRELAND – 1.04%; 28.2.2022 0.00%</b>                          |  |                        |                       |
| <b>Automobile Parts &amp; Equipment – 1.04%; 28.2.2022 0.00%</b> |  |                        |                       |
| 22,850   | Aptiv                                  | 1,855                  | 1.04                  |
| <b>TAIWAN – 1.77%; 28.2.2022 2.24%</b>                           |  |                        |                       |
| <b>Semiconductors – 1.77%; 28.2.2022 2.24%</b>                   |  |                        |                       |
| 44,383   | Taiwan Semiconductor Manufacturing     | 3,163                  | 1.77                  |
| <b>UNITED KINGDOM – 2.12%; 28.2.2022 1.27%</b>                   |  |                        |                       |
| <b>Cosmetics &amp; Personal Care – 1.22%; 28.2.2022 1.27%</b>    |  |                        |                       |
| 55,134   | Unilever <sup>o</sup>                  | 2,171                  | 1.22                  |
| <b>Oil &amp; Gas Producers – 0.90%; 28.2.2022 0.00%</b>          |  |                        |                       |
| 59,560   | BP                                     | 1,611                  | 0.90                  |
| <b>UNITED STATES OF AMERICA – 90.94%; 28.2.2022 92.95%</b>       |  |                        |                       |
| <b>Automobile Manufacturers – 1.79%; 28.2.2022 1.88%</b>         |  |                        |                       |
| 95,079   | General Motors                         | 3,204                  | 1.79                  |
| <b>Banks – 4.64%; 28.2.2022 4.61%</b>                            |  |                        |                       |
| 4,145  | First Citizens BancShares <sup>o</sup> | 2,907                  | 1.63                  |
| 26,171   | JPMorgan Chase                         | 2,577                  | 1.44                  |
| 38,513   | Morgan Stanley                         | 2,799                  | 1.57                  |
|  |  | <b>8,283</b>           | <b>4.64</b>           |
| <b>Beverages – 1.46%; 28.2.2022 0.00%</b>                        |  |                        |                       |
| 34,134   | Monster Beverage                       | 2,601                  | 1.46                  |
| <b>Biotechnology – 3.07%; 28.2.2022 3.01%</b>                    |  |                        |                       |
| 103,197  | Corteva                                | 5,487                  | 3.07                  |
| <b>Chemicals – 1.01%; 28.2.2022 0.98%</b>                        |  |                        |                       |
| 82,142   | Axalta Coating Systems                 | 1,800                  | 1.01                  |
| <b>Commercial Services – 2.24%; 28.2.2022 3.06%</b>              |  |                        |                       |
| 16,336   | FleetCor Technologies                  | 3,029                  | 1.70                  |
| 7,903  | Quanta Services                        | 958                    | 0.54                  |
|  |  | <b>3,987</b>           | <b>2.24</b>           |
| <b>Computers – 4.32%; 28.2.2022 4.52%</b>                        |  |                        |                       |
| 56,453   | Apple                                  | 7,723                  | 4.32                  |
| <b>Diversified Financial Services – 5.31%; 28.2.2022 6.53%</b>   |  |                        |                       |
| 22,288   | Capital One Financial                  | 2,050                  | 1.15                  |

| Holding or Nominal Value  | Investment                                 | Market Value<br>£000's | % of Total Net Assets |
|---|--|------------------------|-----------------------|
| 32,468  | Intercontinental Exchange                  | 2,809                  | 1.57                  |
| 26,710  | Visa                                       | 4,630                  | 2.59                  |
|   |  | <b>9,489</b>           | <b>5.31</b>           |
| <b>Electronics – 1.95%; 28.2.2022 1.65%</b>                         |  |                        |                       |
| 63,748  | Fortive                                    | 3,491                  | 1.95                  |
| <b>Food Producers – 1.63%; 28.2.2022 1.34%</b>                      |  |                        |                       |
| 54,742  | Mondelez International                     | 2,915                  | 1.63                  |
| <b>Healthcare Products – 1.36%; 28.2.2022 1.22%</b>                 |  |                        |                       |
| 113,079   | Avantor                                    | 2,432                  | 1.36                  |
| <b>Healthcare Services – 8.12%; 28.2.2022 7.44%</b>                 |  |                        |                       |
| 6,038   | Elevance Health                            | 2,532                  | 1.42                  |
| 8,150   | Humana                                     | 3,407                  | 1.91                  |
| 17,756  | Laboratory of America                      | 3,486                  | 1.95                  |
| 11,256  | UnitedHealth                               | 5,069                  | 2.84                  |
|   |  | <b>14,494</b>          | <b>8.12</b>           |
| <b>Insurance – 6.06%; 28.2.2022 4.31%</b>                           |  |                        |                       |
| 18,104  | Berkshire Hathaway                         | 4,448                  | 2.49                  |
| 30,976  | Progressive                                | 3,313                  | 1.85                  |
| 28,540  | Reinsurance of America                     | 3,079                  | 1.72                  |
|   |  | <b>10,840</b>          | <b>6.06</b>           |
| <b>Internet – 10.78%; 28.2.2022 12.68%</b>                          |  |                        |                       |
| 44,190  | Alphabet                                   | 4,144                  | 2.32                  |
| 41,350  | Alphabet                                   | 3,913                  | 2.19                  |
| 76,700  | Amazon.com                                 | 8,500                  | 4.76                  |
| 19,914  | Meta Platforms                             | 2,694                  | 1.51                  |
|   |  | <b>19,251</b>          | <b>10.78</b>          |
| <b>Lodging – 0.77%; 28.2.2022 0.86%</b>                             |  |                        |                       |
| 43,439  | Las Vegas Sands                            | 1,371                  | 0.77                  |
| <b>Machinery Construction &amp; Mining – 1.80%; 28.2.2022 1.32%</b> |  |                        |                       |
| 19,990  | Caterpillar                                | 3,217                  | 1.80                  |
| <b>Machinery Diversified – 1.55%; 28.2.2022 0.98%</b>               |  |                        |                       |
| 44,229  | Otis Worldwide                             | 2,774                  | 1.55                  |
| <b>Media – 4.26%; 28.2.2022 4.89%</b>                               |  |                        |                       |
| 152,374   | Comcast                                    | 4,686                  | 2.62                  |
| 55,214  | Fox  | 1,626                  | 0.91                  |
| 22,501  | World Wrestling Entertainment <sup>o</sup> | 1,300                  | 0.73                  |
|   |  | <b>7,612</b>           | <b>4.26</b>           |
| <b>Oil &amp; Gas Producers – 4.12%; 28.2.2022 4.26%</b>             |  |                        |                       |
| 34,563  | ConocoPhillips                             | 3,287                  | 1.84                  |
| 101,102   | EQT  | 4,080                  | 2.28                  |
|   |  | <b>7,367</b>           | <b>4.12</b>           |
| <b>Packaging &amp; Containers – 1.29%; 28.2.2022 1.50%</b>          |  |                        |                       |
| 49,014  | Sealed Air                                 | 2,306                  | 1.29                  |

# Portfolio Statement (unaudited) continued

| Holding or<br>Nominal<br>Value  | Investment                             | Market<br>Value<br>£000's | % of<br>Total<br>Net<br>Assets |
|---|--|---------------------------|--------------------------------|
| <b>Real Estate Investment &amp; Services – 1.35%; 28.2.2022 1.46%</b> |  |                           |                                |
| 35,489  | CBRE                                   | 2,407                     | 1.35                           |
| <b>Retail – 6.35%; 28.2.2022 6.25%</b>                                |  |                           |                                |
| 50,421  | Bath & Body Works                      | 1,636                     | 0.92                           |
| 16,979  | Dollar General                         | 3,489                     | 1.95                           |
| 22,146  | Dollar Tree                            | 2,631                     | 1.47                           |
| 48,423  | Ross Stores                            | 3,599                     | 2.01                           |
|   |  | <b>11,355</b>             | <b>6.35</b>                    |
| <b>Semiconductors – 3.07%; 28.2.2022 3.88%</b>                        |  |                           |                                |
| 23,659  | Analog Devices                         | 3,111                     | 1.74                           |
| 29,208  | Applied Materials                      | 2,377                     | 1.33                           |
|   |  | <b>5,488</b>              | <b>3.07</b>                    |
| <b>Software – 8.30%; 28.2.2022 9.99%</b>                              |  |                           |                                |
| 31,979  | Fidelity National Information Services | 2,555                     | 1.43                           |
| 48,072  | Microsoft                              | 10,882                    | 6.09                           |
| 7,951   | Veeva Systems                          | 1,384                     | 0.78                           |
|   |  | <b>14,821</b>             | <b>8.30</b>                    |

| Holding or<br>Nominal<br>Value                     | Investment                | Market<br>Value<br>£000's | % of<br>Total<br>Net<br>Assets |
|--|---------------------------|---------------------------|--------------------------------|
| <b>Telecommunications – 1.05%; 28.2.2022 1.31%</b> |                           |                           |                                |
| 42,088   | Ciena                     | 1,873                     | 1.05                           |
| 120,400  | World Access <sup>†</sup> | –                         | 0.00                           |
|  |                           | <b>1,873</b>              | <b>1.05</b>                    |
| <b>Transportation – 3.29%; 28.2.2022 3.02%</b>     |                           |                           |                                |
| 25,815   | CH Robinson Worldwide     | 2,545                     | 1.42                           |
| 15,874   | Norfolk Southern          | 3,345                     | 1.87                           |
|  |                           | <b>5,890</b>              | <b>3.29</b>                    |
| <b>Portfolio of investments</b>                    |                           |                           |                                |
|  |                           | <b>177,207</b>            | <b>99.19</b>                   |
| Net other assets                                   |                           | 1,452                     | 0.81                           |
| <b>Total net assets</b>                            |                           |                           |                                |
|  |                           | <b>178,659</b>            | <b>100.00</b>                  |

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

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

\* Includes delisted securities fair valued at zero. These securities are identified on the portfolio statement.

## 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 | £000's        |
| Income   |        |               |        |               |
| Net capital gains  |        | 15,448        |        | 22,275        |
| Revenue  | 1,077  |               | 889    |               |
| Expenses   | (949)  |               | (870)  |               |
| Net revenue before taxation  | 128    |               | 19     |               |
| Taxation   | (166)  |               | (108)  |               |
| Net expense after taxation   |        | (38)          |        | (89)          |
| <b>Change in net assets attributable to unitholders from investment activities</b> |        | <b>15,410</b> |        | <b>22,186</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   | £000's         |
| <b>Opening net assets attributable to unitholders</b>                       |          | 146,097        |          | 131,336        |
| Amounts receivable on issue of units  | 31,070   |                | 18,765   |                |
| Amounts payable on cancellation of units                                    | (13,918) |                | (19,926) |                |
|   |          | 17,152         |          | (1,161)        |
| Change in net assets attributable to unitholders from investment activities |          | 15,410         |          | 22,186         |
| <b>Closing net assets attributable to unitholders</b>                       |          | <b>178,659</b> |          | <b>152,361</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                           | 177,207        | 145,528        |
| Current assets                                |                |                |
| – Debtors                                     | 689            | 663            |
| – Cash and bank balances                      | 2,010          | 1,285          |
| <b>Total assets</b>                           | <b>179,906</b> | <b>147,476</b> |
| <b>Liabilities:</b>                           |                |                |
| Creditors                                     |                |                |
| – Distributions payable                       | –              | (29)           |
| – Other creditors                             | (1,247)        | (1,350)        |
| <b>Total liabilities</b>                      | <b>(1,247)</b> | <b>(1,379)</b> |
| <b>Net assets attributable to unitholders</b> | <b>178,659</b> | <b>146,097</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, 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 |
| 1.57                 | 1.48     | 3                    |

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<br>£000's | Collateral received<br>£000's |
| UBS AG       | Switzerland                             | 2,643                    | 2,909                         |
| <b>Total</b> |   | <b>2,643</b>             | <b>2,909</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 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> |                          |                        |                              |                            |
| CAD                                    | –                        | –                      | 39                           | –                          |
| CHF                                    | –                        | –                      | 152                          | –                          |
| CNY                                    | –                        | –                      | 4                            | –                          |
| DKK                                    | –                        | –                      | 5                            | –                          |
| EUR                                    | –                        | –                      | 111                          | –                          |
| GBP                                    | –                        | –                      | 32                           | –                          |
| HKD                                    | –                        | –                      | 22                           | –                          |
| JPY                                    | –                        | –                      | 613                          | –                          |
| USD                                    | –                        | –                      | 1,931                        | –                          |
| <b>Total</b>                           | –                        | –                      | <b>2,909</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 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       |                   |       |
| <b>Collateral received - securities lending</b> |                |             |              |               |                    |              |                   |       |
| <b>Fixed income</b>                             |                |             |              |               |                    |              |                   |       |
| Investment grade                                | –              | 3           | –            | 10            | 27                 | –            | <b>40</b>         |       |
| <b>Equities</b>                                 |                |             |              |               |                    |              |                   |       |
| Recognised equity index                         | –              | –           | –            | –             | –                  | 2,869        | <b>2,869</b>      |       |
| <b>Total</b>                                    | –              | <b>3</b>    | –            | <b>10</b>     | <b>27</b>          | <b>2,869</b> | <b>2,909</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.

## Supplementary Information continued

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 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.

| <b>Issuer</b> | <b>Value<br/>£000's</b> | <b>% of the Fund's NAV</b> |
|---------------|-------------------------|----------------------------|
| UBS AG        | 2,909                   | 1.63                       |
| <b>Total</b>  | <b>2,909</b>            | <b>1.63</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.

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