

# **BlackRock**



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

BlackRock UK Equity Fund

For the six months ended 31 August 2023

NM1023U-3203106-1/21

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# General Information

## Manager & Registrar

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

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

## Directors of the Manager

G D Bamping\*  
S Corrigan (Resigned 2 May 2023)  
W I Cullen\*  
D Edgar  
K Henry (Appointed 3 March 2023)  
A M Lawrence  
H N Mepham  
S Sabin (Appointed 18 August 2023)  
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  
Telephone: 020 7743 3000  
Dealing and Investor Services: 0800 44 55 22  
[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 Equity Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was established on 12 October 1971. The Fund was previously known as Mercury UK Equity Fund. On 30 September 2000 the Fund changed its name to Merrill Lynch UK Equity Fund. It adopted its present name with effect from 28 April 2008. The Fund's FCA product reference number is 108395.

### 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 31 October 2022 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 2023.

## Fund Managers

As at 31 August 2023, the fund managers were Luke Chappell, Adam Avigdori, Matthew Betts, Samantha Brownlee and David Goldman.

## Significant Events

### Changes in the Directors of the Manager

K Henry was appointed as a Director effective 3 March 2023.

S Corrigan resigned as a Director effective 2 May 2023.

S Sabin was appointed as a Director effective 18 August 2023.

# Risk and Reward Profile

Unit Class	Lower risk Typically lower rewards					Higher risk Typically higher rewards	
	←—————→						
I Income	1	2	3	4	5	<b>6</b>	7
I 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
DI Income	1	2	3	4	5	<b>6</b>	7
DI 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 Manager's Report

for the six months ended 31 August 2023

## Investment Objective

The aim of the Fund is to deliver a return on your investment (generated through an increase to the value of the assets held by the Fund and/or income received from those assets).

Comparator benchmark	Investment management approach
FTSE All-Share TR Index	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 2023.

	Fund return %	Comparator benchmark %
Class D Accumulation Units	(0.88)	(3.23)

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 ("ACWI"), returned 5.37% (in GBP terms) during the six months ended 31 August 2023. Equities recovered from pessimism induced by high inflation (the rate of increase in the prices of goods and services) and rising interest rates, although inflation has begun to slow down in many parts of the world. Indicators of continued resilience, such as robust consumer spending and tight labour markets, tempered investors' concerns about slowing global economic growth.

# Investment Manager's Report continued

The US economy grew strongly in the first six months of 2023 as both consumer and government spending rose, and consumers showed signs of growth in continued spending in July and August 2023. While several prominent regional banks failed during the period, prompt government action limited the impact on the wider economy. The US jobs market continued to show strength, and unemployment remained at historically low levels. In Japan, the economy accelerated during the first six months of 2023, and the government lifted strict border controls although exports declined near the end of the period under review. The UK economy was nearly flat in the first six months of 2023 before contracting in July 2023 amid weakness in exports as global trade cooled. Modest growth resumed in the Eurozone in the first six months of 2023, but high interest rates continued to weigh on the region's economy and retail sales fell in July 2023. UBS's takeover of the failed Credit Suisse at the behest of regulators stabilised markets.

Most emerging market economies continued to expand, although fluctuating commodity prices and the higher interest rate environment presented significant economic challenges. The Chinese economy grew at a slow pace relative to the country's historical rate while falling consumer prices raised concerns about deflation (general decline of the price level of goods and services).

The world's largest central banks continued to implement measures aimed at monetary policy tightening, although the pace of tightening slowed in some regions. The US Federal Reserve ("the Fed") raised interest rates three times, pausing once before resuming with another increase at its July 2023 meeting. However, this represented a significantly slower pace of interest rate increases compared to the sharp tightening seen during the second half of 2022 from the Fed. The Fed also continued to reduce some of the accumulated bond holdings on its balance sheet.

The Bank of England ("BoE") raised interest rates four times, as inflation remained high despite showing some signs of easing. The European Central Bank ("ECB") also increased interest rates at each of its four meetings in an effort to control rising prices in the Eurozone. Furthermore, the ECB began to reduce the size of its balance sheet in March 2023 by allowing some of its outstanding bonds to mature without reinvestment.

Global equity performance was positive overall, as inflationary pressure eased and the global economy continued to grow despite slowdown in some regions. US stocks surged as the Fed tightening slowed and innovations in the technology sector drove significant gains. European stocks performed well as tourism rebounded strongly, supporting consumer spending. Meanwhile, Asian stocks gained as Japan's economy picked up and investor interest in semiconductor companies surged. Equities in emerging markets also gained, helped by the slowing pace of interest rate increases.

Global bond prices (which move inversely to yields) rose slightly overall, as moderating inflation led investors to anticipate an end to the current monetary policy tightening cycle. US treasury prices rose fractionally, sustained by the changing economic environment, as well as the failure of several US banks and subsequent government intervention. UK gilt prices declined slightly, as large borrowing requirements and persistent inflation raised concerns among investors. European government bonds gained slightly, while Japanese government bond prices were volatile, driven by periodic substantial purchases from The Bank of Japan to keep yields within its yield cap. Global corporate bond prices advanced as continued resilience in the global economy drove investor optimism and both high-yield and investment-grade bonds gained.

In the commodities markets, Brent crude oil prices rose moderately as several large oil producing and exporting countries cut production levels. European natural gas prices remained steady, having retreated significantly from the highs following Russia's invasion of Ukraine. Gold prices rose amid the slowing pace of Fed interest rate increases and elevated inflation.

# Investment Manager's Report continued

In the foreign exchange markets, the US dollar performance was mixed against other global currencies. The euro and sterling appreciated relative to the US dollar, while the Japanese yen and Chinese yuan declined. Continued interest rate increases from the ECB and BoE, even as the Fed slowed its pace of interest rate hikes, drove the increase in the relative value of the euro and sterling.

## Fund Performance Review and Activity

Over the six month period to 31 August 2023, the Fund's performance return was (0.88%) and the active return was 2.35%, outperforming its comparator benchmark which returned (3.23%) (active return is the difference between the Fund's return and the comparator benchmark return).

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. 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. Shares in the health care and industrials were notably weak while financials and basic materials outperformed during the period.

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
3i Group <sup>#</sup>	1.17%	Rolls-Royce <sup>^</sup>	(0.32%)
RELX <sup>#</sup>	0.39%	CRH <sup>^</sup>	(0.29%)
Rentokil <sup>#</sup>	0.39%	Rio Tinto <sup>#</sup>	(0.23%)
Compass <sup>#</sup>	0.32%	BAE Systems <sup>^</sup>	(0.21%)
Next <sup>#</sup>	0.32%	Watches of Switzerland <sup>#</sup>	(0.19%)

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

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

3i Group was the top contributor during the period where the continental European discount retailer has continued to exceed expectations sustaining strong share price performance. Relx also contributed to performance where its data and analytics has allowed the company to accelerate revenue growth across businesses. The company continues to demonstrate good organic growth as evidenced in their half year results where the company has proven their credentials as a beneficiary of post-pandemic outsourcing. Favourable weather patterns and consumer wage rises offsetting some inflation pressure has resulted in Next delivering growth ahead of expectations. Our underweight position in Rolls-Royce detracted from performance after it raised its profit guidance as the company continues to benefit from increased defense spending with the war in Ukraine and an increase in flying hours over longer haul flights. CRH also detracted from performance after the company announced better than expected results in the period. Rio Tinto underperformed on the back of China's modest reopening which resulted in an earnings miss in copper and energy/minerals. Shares in Watches of Switzerland fell during the period due to slowdown in growth as well as Rolex's acquisition of rival chain Bucherer.



# Investment Manager's 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 2023 and 28 February 2023:

Top overweight positions			
31 August 2023		28 February 2023	
Sector	Active Weighting	Sector	Active Weighting
Consumer Discretionary	9.89%	Consumer Discretionary	11.10%
Technology	2.50%	Industrials	3.74%
Industrials	1.66%	Technology	2.60%

Top underweight positions			
31 August 2023		28 February 2023	
Sector	Active Weighting	Sector	Active Weighting
Consumer Staples	(6.76%)	Consumer Staples	(7.19%)
Utilities	(3.50%)	Financials	(4.70%)
Financials	(3.45%)	Utilities	(3.39%)

Where the Fund is 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 2023	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
I Income	2,314,835	53,298	2,302
I Accumulation	936,193	86,993	9,292
D Income	108,438	2,500	2,305
D Accumulation	355,173	31,202	8,785
DI Income	123,606,730	147,552	119.4
DI Accumulation	1,406,232	1,815	129.1

## Distributions Payable for the period to 31 August 2023

Unit Class	Distribution payable on 31.10.2023 Pence per Unit
I Income	41.3870
I Accumulation	164.0390
D Income	36.8344
D Accumulation	137.9089
DI Income	2.1768
DI Accumulation	2.3113

## Operating Charges

Unit Class	1.3.2023 to 31.8.2023	1.3.2022 to 28.2.2023
I Income	0.52%	0.52%
I Accumulation	0.52%	0.52%
D Income	0.91%	0.91%
D Accumulation	0.91%	0.91%
DI Income	0.47%	0.47%
DI Accumulation	0.47%	0.47%

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 2023

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>EQUITIES – 98.67%; 28.2.2023 99.58%</b>			
<b>AUSTRALIA – 0.34%; 28.2.2023 0.34%</b>			
Mining – 0.34%; 28.2.2023 0.34%	48,523 BHP <sup>o</sup>	1,106	0.34
<b>BERMUDA – 0.10%; 28.2.2023 0.10%</b>			
Insurance – 0.10%; 28.2.2023 0.10%	67,224 Conduit	313	0.10
<b>GERMANY – 0.06%; 28.2.2023 0.07%</b>			
Real Estate Investment & Services – 0.06%; 28.2.2023 0.07%	226,256 Sirius Real Estate	194	0.06
<b>HONG KONG – 0.75%; 28.2.2023 0.00%</b>			
Insurance – 0.75%; 28.2.2023 0.00%	248,102 Prudential	2,432	0.75
<b>IRELAND – 0.37%; 28.2.2023 1.55%</b>			
Banks – 0.11%; 28.2.2023 0.07%	193,859 Permanent TSB	356	0.11
<b>Commercial Services – 0.00%; 28.2.2023 1.25%</b>			
Retail – 0.26%; 28.2.2023 0.23%	97,272 Grafton	843	0.26
<b>JERSEY – 0.00%; 28.2.2023 0.19%</b>			
<b>Building Materials – 0.00%; 28.2.2023 0.19%</b>			
<b>SINGAPORE – 0.06%; 28.2.2023 0.04%</b>			
Electricity – 0.06%; 28.2.2023 0.04%	8,375 XP Power	178	0.06
<b>UNITED KINGDOM – 96.74%; 28.2.2023 97.03%</b>			
<b>Advertising – 0.61%; 28.2.2023 0.78%</b>			
	682,560 Ascential	1,373	0.42
	49,000 Next 15	303	0.09
	369,606 Pebble	318	0.10
		<b>1,994</b>	<b>0.61</b>
<b>Agriculture – 0.76%; 28.2.2023 1.33%</b>			
	93,769 British American Tobacco	2,466	0.76
<b>Automobile Parts &amp; Equipment – 0.04%; 28.2.2023 0.05%</b>			
	61,816 Quartix Technologies	125	0.04
<b>Banks – 6.20%; 28.2.2023 5.94%</b>			
	954,392 HSBC	5,615	1.74
	4,659,865 Lloyds Banking	1,988	0.61
	1,130,599 NatWest <sup>o</sup>	2,639	0.82
	1,358,506 Standard Chartered	9,784	3.03
		<b>20,026</b>	<b>6.20</b>

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Beverages – 1.67%; 28.2.2023 1.39%</b>			
	142,904 Diageo	4,661	1.44
	71,869 Fuller Smith & Turner	401	0.12
	27,521 Young &'s Brewery	212	0.07
	11,741 Young &'s Brewery	133	0.04
		<b>5,407</b>	<b>1.67</b>
<b>Biotechnology – 0.00%; 28.2.2023 0.03%</b>			
<b>Building Materials – 0.36%; 28.2.2023 0.13%</b>			
	210,841 Breedon	744	0.23
	764,248 SigmaRoc	419	0.13
		<b>1,163</b>	<b>0.36</b>
<b>Chemicals – 0.64%; 28.2.2023 0.81%</b>			
	99,562 Johnson Matthey	1,622	0.50
	47,086 Treatt	257	0.08
	53,253 Zotefoams	189	0.06
		<b>2,068</b>	<b>0.64</b>
<b>Commercial Services – 13.49%; 28.2.2023 13.46%</b>			
	19,056 4imprint	964	0.30
	151,402 Ashtead	8,448	2.61
	9,666 Dynamics	167	0.05
	1,391,046 Hays	1,488	0.46
	278,878 Johnson Service	326	0.10
	194,197 QinetiQ	632	0.20
	818,380 RELX	21,163	6.54
	1,531,943 Rentokil Initial <sup>o</sup>	9,238	2.86
	69,083 Restore	124	0.04
	90,033 Robert Walters	329	0.10
	67,793 SThree	242	0.07
	61,831 YouGov	532	0.16
		<b>43,653</b>	<b>13.49</b>
<b>Computers – 1.01%; 28.2.2023 1.03%</b>			
	94,626 Bytes Technology	459	0.14
	543,893 Eckoh	223	0.07
	1,685,063 Serco	2,593	0.80
		<b>3,275</b>	<b>1.01</b>
<b>Cosmetics &amp; Personal Care – 1.29%; 28.2.2023 1.66%</b>			
	102,363 Unilever	4,160	1.29
<b>Distribution &amp; Wholesale – 1.94%; 28.2.2023 3.39%</b>			
	46,709 Ferguson <sup>o</sup>	6,028	1.86
	793,375 SIG	267	0.08
		<b>6,295</b>	<b>1.94</b>
<b>Diversified Financial Services – 5.48%; 28.2.2023 5.34%</b>			
	633,895 Ashmore	1,269	0.39
	228,625 FRP Advisory <sup>o</sup>	261	0.08

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
181,612	Hargreaves Lansdown <sup>o</sup>	1,386	0.43
45,428	Impax Asset Management	246	0.08
220,208	IntegraFin	526	0.16
150,569	London Stock Exchange	12,353	3.82
64,187	OSB	221	0.07
40,101	PayPoint	221	0.07
59,570	Polar Capital	291	0.09
101,229	Tatton Asset Management	488	0.15
272,734	TP ICAP	454	0.14
		<b>17,716</b>	<b>5.48</b>
<b>Electronics – 1.33%; 28.2.2023 0.54%</b>			
36,598	DiscoverIE	266	0.08
138,649	Halma	2,973	0.92
23,032	Oxford Instruments	504	0.16
317,701	TT Electronics	556	0.17
		<b>4,299</b>	<b>1.33</b>
<b>Engineering &amp; Construction – 0.26%; 28.2.2023 0.25%</b>			
250,060	Kier	213	0.07
17,529	Morgan Sindall	342	0.11
33,589	Renew	245	0.08
		<b>800</b>	<b>0.26</b>
<b>Entertainment – 0.00%; 28.2.2023 0.03%</b>			
<b>Food Producers – 0.81%; 28.2.2023 0.14%</b>			
15,083	Cranswick	507	0.16
296,681	Tate & Lyle	2,111	0.65
		<b>2,618</b>	<b>0.81</b>
<b>Food Services – 4.73%; 28.2.2023 5.11%</b>			
759,485	Compass	<b>15,311</b>	<b>4.73</b>
<b>Healthcare Products – 1.85%; 28.2.2023 1.80%</b>			
94,271	Advanced Medical Solutions	243	0.08
536,321	Smith & Nephew	5,739	1.77
		<b>5,982</b>	<b>1.85</b>
<b>Home Builders – 0.17%; 28.2.2023 0.06%</b>			
113,153	Crest Nicholson	203	0.06
89,613	MJ Gleeson	341	0.11
		<b>544</b>	<b>0.17</b>
<b>Home Furnishings – 0.38%; 28.2.2023 0.00%</b>			
164,916	Howden Joinery	<b>1,222</b>	<b>0.38</b>
<b>Household Products – 4.11%; 28.2.2023 3.66%</b>			
233,248	Reckitt Benckiser	<b>13,295</b>	<b>4.11</b>
<b>Insurance – 1.28%; 28.2.2023 2.22%</b>			
738,771	Phoenix	3,825	1.18

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
223,241	Sabre Insurance	339	0.10
		<b>4,164</b>	<b>1.28</b>
<b>Internet – 5.65%; 28.2.2023 5.37%</b>			
70,411	Auction Technology	506	0.16
830,185	Auto Trader	5,061	1.57
940,209	Baltic Classifieds	2,021	0.62
450,540	Deliveroo	511	0.16
59,975	Future	467	0.14
166,002	Moneysupermarket.com	422	0.13
1,292,245	Rightmove	7,268	2.25
844,246	Trainline	1,996	0.62
		<b>18,252</b>	<b>5.65</b>
<b>Investment Companies – 0.64%; 28.2.2023 0.64%</b>			
401,378	Melrose Industries	<b>2,082</b>	<b>0.64</b>
<b>Leisure Time – 0.08%; 28.2.2023 0.10%</b>			
104,860	TEN Entertainment	<b>274</b>	<b>0.08</b>
<b>Machinery Diversified – 0.79%; 28.2.2023 1.41%</b>			
21,894	Spirax-Sarco Engineering	2,211	0.68
81,449	Vesuvius	360	0.11
		<b>2,571</b>	<b>0.79</b>
<b>Media – 2.57%; 28.2.2023 2.44%</b>			
104,543	Bloomsbury Publishing	428	0.13
934,432	Pearson	7,877	2.44
		<b>8,305</b>	<b>2.57</b>
<b>Mining – 6.03%; 28.2.2023 6.58%</b>			
196,514	Central Asia Metals	389	0.12
391,858	Rio Tinto	19,111	5.91
		<b>19,500</b>	<b>6.03</b>
<b>Miscellaneous Manufacturing – 1.36%; 28.2.2023 0.51%</b>			
228,481	Chemring	661	0.20
79,708	Diploma	2,504	0.77
37,235	Hill & Smith	666	0.21
42,634	Porvair	256	0.08
183,096	Senior	326	0.10
		<b>4,413</b>	<b>1.36</b>
<b>Oil &amp; Gas Producers – 9.42%; 28.2.2023 9.46%</b>			
1,320,761	BP	6,468	2.00
134,773	Gulf Keystone Petroleum	128	0.04
158,091	Serica Energy	390	0.12
969,964	Shell	23,473	7.26
		<b>30,459</b>	<b>9.42</b>

# Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Oil &amp; Gas Services – 0.18%; 28.2.2023 0.16%</b>			
74,394	Ashtead Technology	297	0.09
122,072	Hunting	294	0.09
		<b>591</b>	<b>0.18</b>
<b>Pharmaceuticals – 8.87%; 28.2.2023 8.66%</b>			
238,986	AstraZeneca	25,720	7.95
40,683	CVS	856	0.26
64,283	Ergomed	669	0.21
78,436	Indivior	1,442	0.45
		<b>28,687</b>	<b>8.87</b>
<b>Private Equity – 5.76%; 28.2.2023 4.98%</b>			
936,886	3i	<b>18,616</b>	<b>5.76</b>
<b>Real Estate Investment &amp; Services – 0.07%; 28.2.2023 0.06%</b>			
28,965	Lok'nStore	<b>217</b>	<b>0.07</b>
<b>Real Estate Investment Trusts – 0.60%; 28.2.2023 0.63%</b>			
82,154	Great Portland Estates	341	0.11
803,272	Shaftesbury Capital <sup>0</sup>	941	0.29
127,283	Workspace	645	0.20
		<b>1,927</b>	<b>0.60</b>
<b>Retail – 5.31%; 28.2.2023 5.50%</b>			
138,484	City Pub	120	0.04
22,109	Dunelm	255	0.08
83,668	Halfords	151	0.05
212,119	Next <sup>0</sup>	14,780	4.57
96,371	Pets at Home	365	0.11
255,414	Watches of Switzerland <sup>0</sup>	1,483	0.46
		<b>17,154</b>	<b>5.31</b>
<b>Software – 0.36%; 28.2.2023 0.52%</b>			
148,869	Alfa Financial Software	229	0.07
266,892	Oxford Metrics	259	0.08
199,641	Team17	663	0.21
		<b>1,151</b>	<b>0.36</b>

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>Telecommunications – 0.50%; 28.2.2023 0.65%</b>			
27,986	accesso Technology	189	0.06
86,028	Gamma Communications	919	0.28
191,734	GlobalData	297	0.09
42,144	Gooch & Housego	215	0.07
		<b>1,620</b>	<b>0.50</b>
<b>Toys, Games &amp; Hobbies – 0.07%; 28.2.2023 0.09%</b>			
2,079	Games Workshop	<b>225</b>	<b>0.07</b>
<b>Transportation – 0.07%; 28.2.2023 0.12%</b>			
8,212	Clarkson	<b>223</b>	<b>0.07</b>
<b>UNITED STATES OF AMERICA – 0.25%; 28.2.2023 0.26%</b>			
<b>Healthcare Products – 0.03%; 28.2.2023 0.04%</b>			
34,706	MaxCyte <sup>0</sup>	<b>97</b>	<b>0.03</b>
<b>Oil &amp; Gas Producers – 0.07%; 28.2.2023 0.07%</b>			
243,584	Diversified Energy	<b>224</b>	<b>0.07</b>
<b>Software – 0.15%; 28.2.2023 0.15%</b>			
345,135	Boku	<b>483</b>	<b>0.15</b>
<b>COLLECTIVE INVESTMENT SCHEMES – 1.54%; 28.2.2023 0.52%</b>			
<b>Short-term Money Market Funds – 1.54%; 28.2.2023 0.52%</b>			
49,684	BlackRock ICS Sterling Liquid Environmentally Aware Fund - Agency Income Class <sup>†</sup>	<b>4,967</b>	<b>1.54</b>
<b>Portfolio of investments</b>		<b>324,043</b>	<b>100.21</b>
Net other liabilities		(683)	(0.21)
<b>Total net assets</b>		<b>323,360</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>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 2023

		31.8.2023		31.8.2022
	£000's	£000's	£000's	£000's
Income				
Net capital losses		(8,348)		(12,939)
Revenue	7,355		9,604	
Expenses	(971)		(1,205)	
Interest payable and similar charges	(8)		–	
Net revenue before taxation	6,376		8,399	
Taxation	(5)		(5)	
Net revenue after taxation		6,371		8,394
Total return before distributions		(1,977)		(4,545)
Distributions		(6,371)		(8,394)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(8,348)</b>		<b>(12,939)</b>

## Statement of Change in Net Assets Attributable to Unitholders

(unaudited) for the six months ended 31 August 2023

		31.8.2023		31.8.2022
	£000's	£000's	£000's	£000's
<b>Opening net assets attributable to unitholders</b>		383,967		470,247
Amounts receivable on issue of units	24,482		27,525	
Amounts payable on cancellation of units	(78,799)		(85,105)	
		(54,317)		(57,580)
Change in net assets attributable to unitholders from investment activities		(8,348)		(12,939)
Retained distribution on accumulation units		2,058		2,520
<b>Closing net assets attributable to unitholders</b>		<b>323,360</b>		<b>402,248</b>

The above statement shows the comparative closing net assets at 31 August 2022 whereas the current accounting period commenced 1 March 2023.

# Balance Sheet (unaudited)

at 31 August 2023

	31.8.2023	28.2.2023
	£000's	£000's
<b>Assets:</b>		
Fixed assets		
– Investment assets	324,043	384,340
Current assets		
– Debtors	3,504	1,992
– Cash and bank balances	1,313	1,504
<b>Total assets</b>	<b>328,860</b>	<b>387,836</b>
<b>Liabilities:</b>		
Creditors		
– Distributions payable	(3,689)	(1,791)
– Other creditors	(1,811)	(2,078)
<b>Total liabilities</b>	<b>(5,500)</b>	<b>(3,869)</b>
<b>Net assets attributable to unitholders</b>	<b>323,360</b>	<b>383,967</b>

G D Bamping (Director)

M T Zemek (Director)

BlackRock Fund Managers Limited

26 October 2023

# Notes to Financial Statements (unaudited)

for the six months ended 31 August 2023

## 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 2023 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 2023 and the income earned for the period ended 31 August 2023. 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
4.14	4.07	6

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 2023.

Counterparty	Counterparty's country of establishment	Securities Lending	
		Amount on loan	Collateral received
		£000's	£000's
Barclays Capital Securities Limited	UK	238	251
BNP Paribas	France	542	624
HSBC Bank	UK	3,040	3,518
J.P. Morgan Securities Plc	UK	720	785
Morgan Stanley International	UK	2,159	2,490
The Bank of Nova Scotia	Canada	72	78
UBS	Switzerland	6,379	7,035
<b>Total</b>		<b>13,150</b>	<b>14,781</b>

## Supplementary Information continued

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

### Collateral

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

The following table provides an analysis by currency of the underlying cash and non-cash collateral received/posted by way of title transfer collateral arrangement by the Fund, in respect of securities lending transactions, as at 31 August 2023.

Currency	Cash collateral received	Cash collateral posted	Non-cash collateral received	Non-cash collateral posted
	£000's	£000's	£000's	£000's
<b>Securities lending transactions</b>				
AUD	–	–	51	–
CAD	–	–	68	–
CNY	–	–	537	–
DKK	–	–	3	–
EUR	–	–	2,439	–
GBP	–	–	1,129	–
HKD	–	–	58	–
JPY	–	–	1,559	–
NOK	–	–	68	–
SEK	–	–	5	–
SGD	–	–	17	–
USD	–	–	8,847	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>14,781</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.

## Supplementary Information continued

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received/posted by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions, as at 31 August 2023.

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	£000's
<b>Collateral received - securities lending</b>							
<b>Fixed income</b>							
Investment grade	–	9	5	660	3,757	–	<b>4,431</b>
<b>Equities</b>							
Recognised equity index	–	–	–	–	–	10,230	<b>10,230</b>
<b>ETFs</b>							
Non-UCITS	–	–	–	–	–	120	<b>120</b>
<b>Total</b>	<b>–</b>	<b>9</b>	<b>5</b>	<b>660</b>	<b>3,757</b>	<b>10,350</b>	<b>14,781</b>

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

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

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

## Supplementary Information continued

As at 31 August 2023, 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 2023.

Issuer	Value £000's	% of the Fund's NAV
United States of America (Government)	1,522	0.47
United Kingdom of Great Britain and Northern Ireland (Government)	1,114	0.35
Southern Co	678	0.21
Meta Platforms Inc	671	0.21
Salesforce Inc	663	0.21
Alibaba Group Holding Ltd	639	0.20
Pinterest Inc	612	0.19
Freeport-McMoRan Inc	606	0.19
Oracle Corp	596	0.19
France, Republic of (Government)	486	0.15
Other issuers	7,194	2.20
<b>Total</b>	<b>14,781</b>	<b>4.57</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 2023, the firm manages £7.18 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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