

# **BlackRock**



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

BlackRock Cash Fund

For the six months ended 31 August 2023

NM1023U-3202915-1/16

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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.

## 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 Cash Fund (the “Fund”) is a UCITS scheme under the COLL Sourcebook. The Fund was established on 8 March 1990. The Fund was previously known as Mercury Cash Trust. On 30 September 2000 the Fund’s name was changed to Merrill Lynch Cash Fund. The Fund adopted its present name with effect 28 April 2008. The Fund’s FCA product reference number is 145362.

## 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 Manager

As at 31 August 2023, the fund manager was Matt Clay.

## 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.



# Investment Manager's Report

for the six months ended 31 August 2023

## Investment Objective

The aim of the Fund is to provide a rate of interest (i.e. a return) (gross of fees) for unitholders, consistent with preservation of principal (capital) and liquidity.

Comparator benchmark	Investment management approach
Sterling Overnight Index Average Rate (SONIA)	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	2.19	2.31

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 2.19% and the active return was (0.12%), underperforming its comparator benchmark which returned 2.31% (active return is the difference between the Fund's return and the comparator benchmark return).

There has been increasing evidence indicating a new era of higher macroeconomic and market instability. This shift can be attributed to various limitations in the supply chain, which have hindered developed markets from maintaining their previous levels of production without causing significant inflationary pressures. The Bank of England ('BoE') has raised its policy rate by 490 basis points (bps) since December 2021, reaching 5.25% in August 2023. Despite earlier expectations of a technical recession in 2022, the UK economy has managed to avoid it so far. The UK government has implemented measures to support households and businesses against rising energy prices, including the introduction of a cap on utility bills. Additionally, a tight labour market has prevented a surge in unemployment. Accumulated savings from the pandemic period have gradually been utilised, alleviating the strain on real incomes. However, the full impact of monetary tightening on the economy is yet to be fully realised, partly due to the existence of fixed-rate mortgage debt that has not yet matured. At the end of 2022, the Sterling Overnight Index Average (SONIA) curve was seeing the terminal rate close to 4.5% by the end of the second quarter of 2023, then the market had shifted at the end of August 2023, and terminal rates were being priced at nearly 5.7%. Over the last six months the money market curve continued to move higher with, the 3-month SONIA, the 6-month SONIA and the 1-year SONIA increasing by 124bps, 118bps, and 108bps, respectively.

Leading up to each BoE meeting, the weighted average maturity (WAM) of the Fund was short as the Investment Manager looked to build cash ahead of the expected rate hikes and enhance the Fund's liquidity in the current geopolitical environment. This positioning enabled the Fund's yield to benefit from an increase in levels on overnight investments and gave the opportunity to deploy cash opportunistically across the curve at higher yields in the days and weeks after the meeting. In anticipation of additional interest rate increases by the BoE, the Investment Manager kept the defensive WAM positioning. The WAM throughout the period was kept at approx. 35 days on average.

Performance attribution is not deemed an appropriate measure for comparison for money market funds due to the nature of the investment objective. The Fund focuses its investment decisions on preservation of capital and liquidity with yield as a tertiary objective. Therefore, analysing the contributors and detractors of the Fund on an asset class basis doesn't give a useful insight to drive portfolio investment decision making.

The following table details the significant portfolio weightings at 31 August 2023 and 28 February 2023:

31 August 2023		28 February 2023	
Asset Class	Gross Exposure	Asset Class	Gross Exposure
Other Instrument (Time Deposit)	33.70%	Certificate of Deposit	45.33%
Certificate of Deposit	26.70%	Financial Company Commercial Paper	28.32%
Financial Company Commercial Paper	16.40%	Other Instrument (Time Deposit)	17.92%
Asset Backed Commercial Paper	8.70%	Asset Backed Commercial Paper	4.16%
Other Note	7.40%	Investment Company	2.26%



## Net Asset Value

At 31 August 2023	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	5,283,125	5,311	100.5
A Accumulation	97,374,739	240,917	247.4
X Income	3,740,309	3,737	99.90
X Accumulation	195,087,368	209,883	107.6
D Income	64,466,176	64,767	100.5
D Accumulation	96,079,136	242,137	252.0
S Income	16,234,191	16,242	100.1
S Accumulation	49,624,111	52,451	105.7
OA Income	100	–	100.1
OA Accumulation	100	–	104.8
OD Income	105,822	106	99.83
OD Accumulation	11,319,947	11,898	105.1
OS Income	10,056,697	10,049	99.92
OS Accumulation	174,639,301	183,730	105.2

## Distributions Payable for the period to 31 August 2023

Unit Class	Distribution payable on 31.10.2023 Pence per Unit
A Income	1.1225
A Accumulation	2.7315
X Income	1.2136
X Accumulation	1.2920
D Income	1.1615
D Accumulation	2.8818
S Income	1.1703
S Accumulation	1.2224
OA Income	1.0800
OA Accumulation	1.1200
OD Income	1.1548
OD Accumulation	1.2025
OS Income	1.1691
OS Accumulation	1.2163

continued

## Operating Charges

<b>Unit Class</b>	<b>1.3.2023 to 31.8.2023</b>	<b>1.3.2022 to 28.2.2023</b>
A Income	0.40%	0.40%
A Accumulation	0.40%	0.40%
X Income	0.01%	0.01%
X Accumulation	0.01%	0.01%
D Income	0.24%	0.24%
D Accumulation	0.24%	0.24%
S Income	0.19%	0.19%
S Accumulation	0.19%	0.19%
OA Income	0.40%	0.36%
OA Accumulation	0.40%	0.35%
OD Income	0.24%	0.25%
OD Accumulation	0.24%	0.24%
OS Income	0.19%	0.19%
OS Accumulation	0.19%	0.20%

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	Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
<b>BONDS – 35.94%; 28.2.2023 46.23%</b>				<b>UK Sterling Denominated Corporate Bonds – 7.58%; 28.2.2023 4.03%</b>			
£8,000,000	Australia & New Zealand Banking 5.59376% 18/7/2024	7,998	0.77	£5,000,000	Dnb Bank 0% 20/10/2023	4,963	0.48
£10,000,000	Bank of Montreal 5.41118% 3/6/2024	10,000	0.96	£5,000,000	Managed And Enhanced Tap Mage 0% 24/10/2023	4,960	0.48
£10,000,000	Bank of Nova Scotia 5.46671% 13/6/2024	10,000	0.96	£10,000,000	Matchpoint Finance Public 0% 22/9/2023	9,967	0.96
£10,000,000	Canadian Imperial Bank of Commerce 5.52508% 20/6/2024	9,999	0.96	£20,000,000	Matchpoint Finance Public 0% 25/9/2023	19,925	1.91
£10,000,000	Royal Bank of Canada 5.60274% 8/7/2024	9,974	0.96	£16,000,000	National Westminster Bank 0% 5/9/2023	15,986	1.53
£6,000,000	Royal Bank of Canada 5.69871% 17/5/2024	5,990	0.57	£25,000,000	National Westminster Bank 0% 6/9/2023	24,979	2.40
£5,000,000	Royal Bank of Canada 6.07325% 22/9/2023	5,002	0.48	£10,000,000	Nieuw Amsterdam Receivables 0% 1/9/2023	9,997	0.96
£3,000,000	Royal Bank of Canada 6.18339% 25/1/2024	3,004	0.29	£10,000,000	Nieuw Amsterdam Receivables 0% 8/9/2023	9,990	0.96
£7,000,000	The Toronto Dominion Bank 5.49182% 17/6/2024	7,004	0.67	£7,000,000	Nordea Bank 0% 23/10/2023	6,945	0.67
£3,000,000	Toyota Motor Finance Netherlands 5.61005% 29/7/2024	2,981	0.29	£10,000,000	Omers Finance Trust 0% 13/9/2023	9,982	0.96
£7,000,000	Westpac Banking 5.41505% 14/6/2024	6,998	0.67	£2,000,000	Satellite 0% 8/9/2023	1,997	0.19
		<b>78,950</b>	<b>7.58</b>	£2,000,000	Satellite 0% 24/10/2023	1,983	0.19
<b>UK Sterling Denominated ECP Bonds – 28.36%; 28.2.2023 42.20%</b>				£40,000,000	Sumitomo Mitsui Banking 0% 15/9/2023	39,905	3.83
£10,000,000	Albion Capital 0% 5/9/2023	9,991	0.96	£10,000,000	Sunderland Receivables 0% 6/11/2023	9,899	0.95
£10,000,000	Albion Capital Corpo 0% 21/9/2023	9,968	0.96	£4,000,000	Toyota Finance Australia 0% 7/12/2023	3,939	0.38
£30,000,000	Allianz 0% 26/10/2023	29,748	2.86	£1,500,000	Toyota Motor Finance Netherlands 0% 11/1/2024	1,469	0.14
£5,000,000	Antalis 0% 5/9/2023	4,995	0.48	£2,500,000	Toyota Motor Finance Netherlands 0% 12/1/2024	2,448	0.23
£20,000,000	Banque Federative Du Credit Mutuel 0% 5/9/2023	19,982	1.92	£1,000,000	UBS - London 0% 0% 5/9/2023	999	0.10
£10,000,000	Banque Federative Du Credit Mutuel 0% 11/9/2023	9,982	0.96	£2,000,000	UBS London 0% 5/9/2023	1,998	0.19
£10,000,000	Banque Populaire Caisse D'Epar 0% 19/2/2024	9,723	0.93			<b>295,261</b>	<b>28.36</b>
£9,000,000	BPCE 0% 2/1/2024	8,825	0.85	<b>Certificate of deposits – 62.49%; 28.2.2023 55.16%</b>			
£10,000,000	Bred Banque Populaire 0% 26/2/2024	9,716	0.93	£15,000,000	ABN Amro Bank 0% Certificate of Deposit 5/9/2023	14,987	1.44
				£12,000,000	ABN Amro Bank 0% Certificate of Deposit 1/2/2024	11,712	1.12
				£6,000,000	ABN Amro Bank 0% Certificate of Deposit 2/2/2024	5,852	0.56
				£77,900,000	Banco Santander Gb 5.15% Certificate of Deposit 1/9/2023	77,900	7.48
				£5,000,000	BNP Paribas London Branch 4.66% Certificate of Deposit 10/10/2023	4,995	0.48
				£3,000,000	Commonwealth Bank Of Australia 0% Certificate of Deposit 20/10/2023	2,978	0.29
				£75,234,496	Cooperatieve Rabobank 5.18% Certificate of Deposit 1/9/2023	75,235	7.23



## 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
Income		
Net capital losses	(60)	(491)
Revenue	24,042	7,716
Expenses	(1,137)	(1,508)
Net revenue before taxation	22,905	6,208
Taxation	–	–
Net revenue after taxation	22,905	6,208
Total return before distributions	22,845	5,717
Distributions	(22,908)	(6,208)
<b>Change in net assets attributable to unitholders from investment activities</b>	<b>(63)</b>	<b>(491)</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
<b>Opening net assets attributable to unitholders</b>	<b>1,020,553</b>	<b>1,863,196</b>
Amounts receivable on issue of units	436,057	410,716
Amounts payable on cancellation of units	(435,644)	(1,219,543)
	413	(808,827)
Change in net assets attributable to unitholders from investment activities	(63)	(491)
Retained distribution on accumulation units	20,325	5,579
<b>Closing net assets attributable to unitholders</b>	<b>1,041,228</b>	<b>1,059,457</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	1,024,921	1,034,704
Current assets		
– Debtors	6,323	6,250
– Cash and bank balances	480	537
– Cash equivalents	46,802	45,802
<b>Total assets</b>	<b>1,078,526</b>	<b>1,087,293</b>
<b>Liabilities:</b>		
Creditors		
– Distributions payable	(1,162)	(781)
– Other creditors	(36,136)	(65,959)
<b>Total liabilities</b>	<b>(37,298)</b>	<b>(66,740)</b>
<b>Net assets attributable to unitholders</b>	<b>1,041,228</b>	<b>1,020,553</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.

# 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?

[blackrockinternational.com](https://blackrockinternational.com) | +44 (0)20 7743 3300

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