

BlackRock



Interim report and unaudited financial statements

BlackRock Corporate Bond Fund

For the six months ended 31 August 2023

NM1023U-3203038-1/22

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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:

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For your protection, telephone calls are usually recorded.

* Non-executive Director.

About the Fund

BlackRock Corporate Bond Fund (the “Fund”) is a UCITS scheme under the COLL Sourcebook. The Fund was established on 29 June 1995. The Fund was previously known as Mercury High Income Bond Fund, then, with effect from 30 September 2000, Merrill Lynch High Income Bond Fund. On 28 April 2008 the Fund changed its name to BlackRock High Income Bond Fund. The Fund changed its investment objective and policy and adopted its present name with effect from close of business on 17 September 2010. The Fund’s FCA product reference number is 172177.

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 Ben Edwards.

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 return on your investment (generated through an increase in the value of the assets held by the Fund and/or income received from those assets) (gross of fees) by investing in corporate bonds and other interest-bearing securities.

Comparator benchmark	Investment management approach
ICE Bank of America Merrill Lynch Sterling Corporate & Collateralised 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	(0.01)	(0.35)

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 (0.01%) and the active return was 0.34%, outperforming its comparator benchmark which returned (0.35%) (active return is the difference between the Fund's return and the comparator benchmark return).

During the period under review, the market experienced significant volatility. The Monetary Policy Committee ("MPC") raised rates in four consecutive meetings by 125 basis points to 5.25%, the highest policy rate since April 2008. Inflation continued to beat market expectations with core inflation remaining over 6% year-on-year ("YoY") during the period, reaching a high of 7.1% in May 2023, a rate which has not been seen since 1992. The start of the period saw a US regional banking crisis followed by the subsequent collapse of Credit Suisse and its takeover by UBS. Credit spreads almost reached levels last seen in mid-October 2022 during the UK mini budget crisis.

From a fixed income sector perspective, global developed market government bond yields rose (meaning prices fell) during the period as global central banks committed to continue to increase interest rates to subdue inflation. Global credit spreads (the difference in yield between government and corporate bonds with similar maturities) widened at the start of the period, ultimately trending lower for the rest of the period.

In light of the challenging backdrop described above, the Fund outperformed its comparator benchmark. The Fund held a select few holdings of financials and non-financials in Euros which the Investment Manager deemed more attractive than comparable sterling bonds or issuers that ultimately led to positive performance. Credit Suisse being the largest single name outperformer post the announced merger with UBS.

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	
Strategy	Effect on Fund return	Strategy	Effect on Fund return
Duration [#]	0.48%	Credit	(0.19%)
Curve	0.34%		

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

The Fund's move to underweight credit positioning in the latter part of the period drove negative returns because credit spreads tightened during this period. Since credit spreads fell more than government bond yields, the Fund reduced credit risk from a 10% overweight down to neutral at the end of April 2023 and by the latter months of the reporting period entered an underweight credit position of -12% in recognition of the spread compressing and interest rates rising amidst high headline inflation figures.

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
Governments	7.67%	Governments	6.86%
Insurance	5.84%	Insurance	3.98%
Utilities	4.77%		

Top underweight positions			
31 August 2023		28 February 2023	
Sector	Active Weighting	Sector	Active Weighting
Banks	(7.45%)	Collateralised*	(7.19%)
Housing Associations (HAS)	(6.06%)		

* Collateralised includes Asset Back Securities (ABS), Mortgage Backed Securities (MBS).

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.

Given continued interest rate volatility and economic deceleration we have continued to reduce overall credit risk with an overall theme of buying high quality, short-dated bonds that provide attractive yields while building resiliency in the portfolio.

Net Asset Value

At 31 August 2023	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	2,107,581	1,922	91.19
A Accumulation	9,183,296	28,442	309.7
X Accumulation	62,207,153	76,816	123.5
D Income	197,428,065	191,721	97.11
D Accumulation	55,152,254	181,421	329.0
S Income	267,449,156	250,011	93.48
S Accumulation	259,132,219	318,579	122.9

Distributions Payable for the period to 31 August 2023

Unit Class	Distribution payable on 31.10.2023 Pence per Unit
A Income	1.0255
A Accumulation	3.4417
X Accumulation	1.3701
D Income	1.0912
D Accumulation	3.6526
S Income	1.0504
S Accumulation	1.3650

Operating Charges

Unit Class	1.3.2023 to 31.8.2023	1.3.2022 to 28.2.2023
A Income	1.06%	1.06%
A Accumulation	1.06%	1.06%
X Accumulation	0.02%	0.02%
D Income	0.56%	0.56%
D Accumulation	0.56%	0.56%
S Income	0.51%	0.51%
S Accumulation	0.50%	0.51%

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
BONDS – 94.70%; 28.2.2023 94.74%				£8,590,000	Danske Bank 4.625% 13/4/2027	8,236	0.79
UK STERLING – 73.76%; 28.2.2023 75.18%				£13,870,000	DNB Bank 2.625% 10/6/2026	13,020	1.24
UK Sterling Denominated Corporate Bonds – 65.67%; 28.2.2023 67.58%				£7,235,000	DS Smith 2.875% 26/7/2029	6,052	0.58
£7,000,000	Aegon 6.125% 15/12/2031	7,012	0.67	£18,000,000	E.ON International Finance 6.25% 3/6/2030	18,436	1.76
£8,000,000	Anglian Water Osprey Financing 2% 31/7/2028	6,033	0.58	£7,100,000	Electricite de France 5.875% 18/7/2031	6,887	0.66
£3,710,000	Anglian Water Services Financing 6% 20/6/2039	3,693	0.35	£26,200,000	Electricite de France 5.875% Perpetual 22/7/2172	21,877	2.09
£19,100,000	Anheuser-Busch InBev 9.75% 30/7/2024	19,746	1.88	£7,300,000	Engie 7% 30/10/2028	7,674	0.73
£8,150,000	Annington Funding 2.308% 6/10/2032	5,814	0.55	£9,185,000	Glencore Finance Europe 3.125% 26/3/2026	8,560	0.82
£8,500,000	Annington Funding 2.646% 12/7/2025	7,871	0.75	£11,310,000	Goldman Sachs 3.625% 29/10/2029	9,991	0.95
£2,216,667	Arqiva Financing 4.882% 31/12/2032	2,035	0.19	£5,000,000	Goldman Sachs 7.25% 10/4/2028	5,191	0.50
£25,600,000	AT&T 5.5% 15/3/2027	24,921	2.38	£2,100,636	Great Rolling Stock 6.875% 27/7/2035	2,127	0.20
£8,000,000	Aviva 4.375% 12/9/2049	6,890	0.66	£16,000,000	Heathrow Funding 2.625% 16/3/2028	13,341	1.27
£20,200,000	Banco Santander 4.75% 30/8/2028	19,089	1.82	£8,675,000	HSBC 8.201% 16/11/2034	8,915	0.85
£14,015,000	Bank of America 1.667% 2/6/2029	11,448	1.09	£21,000,000	Imperial Brands Finance 5.5% 28/9/2026	20,458	1.95
£6,145,000	Bank of America 3.584% 27/4/2031	5,274	0.50	£10,000,000	Intesa Sanpaolo 6.5% 14/3/2029	9,558	0.91
£8,150,000	Barclays 6.369% 31/1/2031	7,919	0.76	£19,900,000	Legal & General 5.125% 14/11/2048	18,203	1.74
£32,121,000	BAT International Finance 2.25% 26/6/2028	26,840	2.56	£2,495,000	London Power Networks 2.625% 1/3/2029	2,124	0.20
£7,300,000	BNP Paribas 2% 24/5/2031	6,269	0.60	£9,696,299	Metrocentre Finance 8.75% 6/12/2023	4,549	0.43
£8,900,000	BNP Paribas 2.875% 24/2/2029	7,494	0.71	£9,965,000	Metropolitan Life Global Funding I 1.625% 12/10/2028	8,161	0.78
£4,000,000	BNP Paribas 5.75% 13/6/2032	3,817	0.36	£16,290,000	Metropolitan Life Global Funding I 5% 10/1/2030	15,661	1.49
£4,085,000	BUPA Finance 4% Perpetual 24/3/2172	2,431	0.23	£6,710,000	Metropolitan Life Global Funding I 5% 10/1/2030	6,451	0.62
£13,955,000	BUPA Finance 5% 8/12/2026	13,256	1.26	£688,653	Mitchells & Butlers Finance 5.574% 15/12/2030	647	0.06
£9,300,000	Cadent Finance 2.125% 22/9/2028	7,779	0.74	£89,453	Mitchells & Butlers Finance 5.965% 15/12/2023	89	0.01
£13,495,000	Caterpillar Financial Services 5.72% 17/8/2026	13,468	1.28	£10,715,929	Mitchells & Butlers Finance 6.013% 15/12/2028	9,783	0.93
£12,930,000	Comcast 1.5% 20/2/2029	10,578	1.01	£11,207,000	National Grid Electricity Distribution 3.5% 16/10/2026	10,391	0.99
£5,000,000	Comcast 5.5% 23/11/2029	5,009	0.48	£11,900,000	National Grid Electricity Distribution West Midlands 5.75% 16/4/2032	11,717	1.12
£12,000,000	Cooperative Rabobank 4.625% 23/5/2029	10,779	1.03	£5,200,000	Nationwide Building Society 6.125% 21/8/2028	5,209	0.50
				£5,785,000	NatWest 7.416% 6/6/2033 ^o	5,692	0.54

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
£10,350,000	NatWest Markets 6.375% 8/11/2027	10,366	0.99
£16,770,000	NGG Finance 5.625% 18/6/2073	15,973	1.52
£5,000,000	Northern Powergrid Yorkshire 5.125% 4/5/2035	4,688	0.45
£6,350,000	Northumbrian Water Finance 4.5% 14/2/2031	5,727	0.55
£8,960,000	Quadgas Finance 3.375% 17/9/2029	7,262	0.69
£3,950,000	Rothsay Life 7.734% 16/5/2033 ^o	3,848	0.37
£10,180,000	Santander UK 2.421% 17/1/2029	8,475	0.81
£3,500,000	Scottish Hydro Electric Transmission 2.125% 24/3/2036	2,368	0.23
£3,015,000	Severn Trent Utilities Finance 4.625% 30/11/2034	2,697	0.26
£2,935,000	Severn Trent Utilities Finance 5.25% 4/4/2036	2,755	0.26
£18,500,000	Southern Water Services Finance 2.375% 28/5/2028	15,199	1.45
£6,200,000	Swedbank 7.272% 15/11/2032 ^o	6,100	0.58
£25,643,395	Tesco Property Finance 1 7.6227% 13/7/2039	27,276	2.60
£19,622,000	Thames Water Utilities Finance 2.875% 3/5/2027	15,232	1.45
£26,248,000	Time Warner Cable 5.75% 2/6/2031	24,249	2.31
£5,970,000	UBS 2.125% 12/9/2025	5,708	0.54
£2,870,000	United Utilities Water Finance 2.625% 12/2/2031	2,331	0.22
£9,225,000	Wells Fargo 3.473% 26/4/2028	8,283	0.79
£7,270,000	Yorkshire Water Finance 1.75% 27/10/2032	5,085	0.48
£7,730,000	Yorkshire Water Finance 2.75% 18/4/2041	4,857	0.46
£5,650,000	Yorkshire Water Finance 5.25% 28/4/2030	5,327	0.51
£7,195,000	Yorkshire Water Finance 6.454% 28/5/2027	7,160	0.68
£3,850,000	Zurich Finance Ireland Designated Activity 5.125% 23/11/2052	3,391	0.32
		688,822	65.67
UK Sterling Denominated Government Bonds – 8.09%; 28.2.2023 7.60%			
£51,895,000	United Kingdom Gilt 1.125% 22/10/2073 ^o	18,896	1.80
£27,360,000	United Kingdom Gilt 1.75% 22/1/2049	15,715	1.50

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
£35,430,000	United Kingdom Gilt 4.125% 29/11/2027	34,646	3.30
£16,285,000	United Kingdom Gilt 4.25% 7/9/2039	15,627	1.49
		84,884	8.09
EURO – 20.94%; 28.2.2023 19.56%			
Euro Denominated Corporate Bonds – 20.94%; 28.2.2023 19.56%			
€13,000,000	Abertis Infraestructuras Finance 2.625% Perpetual 26/4/2172	9,349	0.89
€9,000,000	Allianz 2.6% Perpetual 30/4/2172	5,161	0.49
€17,200,000	Allianz 2.625% Perpetual 30/4/2172	10,342	0.99
€7,652,000	Argentum Netherlands for Zurich Insurance 2.75% 19/2/2049	5,807	0.55
€10,965,000	Argentum Netherlands for Zurich Insurance 3.5% 1/10/2046	8,932	0.85
€13,000,000	AXA 3.25% 28/5/2049	10,102	0.96
€22,250,000	Bayer 4.25% 26/8/2029	19,211	1.83
€4,700,000	Bayer 5.375% 25/3/2082 ^o	3,748	0.36
€7,500,000	BP Capital Markets 4.323% 12/5/2035 ^o	6,362	0.61
€26,200,000	BPCE 2.125% 13/10/2046 ^o	16,568	1.58
€12,930,000	DS Smith 4.375% 27/7/2027 ^o	11,098	1.06
€12,200,000	Iberdrola Finanzas 4.875% Perpetual 25/7/2172	10,120	0.96
€13,500,000	Iberdrola International 1.874% Perpetual 28/4/2172 ^o	10,461	1.00
€8,900,000	ING Groep 4.75% 23/5/2034	7,603	0.73
€2,700,000	ING Groep 4.75% 23/5/2034	2,307	0.22
€6,600,000	Morgan Stanley 4.656% 2/3/2029	5,714	0.54
€8,325,000	Morgan Stanley 4.656% 2/3/2029	7,206	0.69
€12,000,000	National Grid Electricity Distribution East Midlands 3.949% 20/9/2032	10,075	0.96
€10,000,000	Prologis International Funding II 4.625% 21/2/2035	8,219	0.78
€10,000,000	Teva Pharmaceutical Finance Netherlands II 4.375% 9/5/2030	7,402	0.71
€5,170,000	Teva Pharmaceutical Finance Netherlands II 7.375% 15/9/2029	4,531	0.43
€17,000,000	TotalEnergies 2% Perpetual 17/4/2172	12,770	1.22
€23,490,000	UBS 0.625% 18/1/2033	14,351	1.37

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
€7,900,000	UBS 7.75% 1/3/2029	7,591	0.72
€5,200,000	Verizon Communications 4.75% 31/10/2034	4,630	0.44
€1,100,000	WinStar Communications 12.75% 15/4/2010 ¹	–	0.00
		219,660	20.94

EQUITIES – 0.00%; 28.2.2023 0.00%

UK STERLING – 0.00%; 28.2.2023 0.00%

UK Sterling Denominated Equities – 0.00%; 28.2.2023 0.00%

£27,280	47210 Red Preference Share 0% ¹	–	0.00
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Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
COLLECTIVE INVESTMENT SCHEMES – 1.35%; 28.2.2023 0.00%			
Short-term Money Market Funds – 1.35%; 28.2.2023 0.00%			
134,363	BlackRock ICS Sterling Liquid Environmentally Aware Fund†	14,112	1.35

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
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DERIVATIVES – (0.10%); 28.2.2023 0.50%

Credit Default Swaps – (0.40%); 28.2.2023 0.05%

94,455,000	Bank of America Merrill Lynch (iTraxx) 5% 20/6/2028	84,956	(4,149)	(0.40)
(9,300,000)	Barclays (iTraxx) 1% 20/6/2028	7,966	121	0.01
4,500,000	Barclays (Next) 1% 20/6/2025	3,903	(49)	0.00
18,000,000	BNP Paribas (Lloyds Banking) 1% 20/6/2028	15,329	(140)	(0.01)
8,571,000	Citibank (Natwest) 1% 20/6/2028	7,211	(53)	0.00
9,300,000	Deutsche Bank (Next) 1% 20/6/2028	8,352	(11)	0.00
5,700,000	Goldman Sachs (British Telecom) 1% 20/6/2027	5,636	(64)	(0.01)
(15,800,000)	Goldman Sachs (iTraxx) 1% 20/6/2027	13,533	234	0.02
4,500,000	Goldman Sachs (Next) 1% 20/6/2025	3,903	(49)	0.00
5,700,000	JP Morgan Chase Bank (British Telecom) 1% 20/6/2027	5,636	(64)	(0.01)
		156,425	(4,224)	(0.40)

Forward Currency Contracts – 0.05%; 28.2.2023 0.14%

€26,150,000	Euro vs UK Sterling	22,423	16	0.00
£468,255,365	UK Sterling vs Euro	467,682	573	0.05
£2,863,868	UK Sterling vs US Dollar	2,878	(14)	0.00
US\$2,430,000	US Dollar vs UK Sterling	1,917	8	0.00
		494,900	583	0.05

Futures – 0.50%; 28.2.2023 0.54%

(1,212)	Euro-Bobl September 2023	120,467	638	0.06
(156)	Euro-BTP September 2023	15,467	(5)	0.00
(618)	Euro-Bund September 2023	70,350	775	0.07
3,245	Long Gilt December 2023	309,378	2,675	0.26
1,447	US 10 Year Note (CBT) December 2023	126,616	1,121	0.11
(272)	US 10 Year Ultra December 2023	24,880	(281)	(0.03)
658	US 2 Year Note (CBT) December 2023	105,752	316	0.03
15	US Ultra Bond (CBT) December 2023	1,527	19	0.00
		774,437	5,258	0.50

Portfolio Statement (unaudited) continued

Holding or Nominal Value	Investment	Underlying Exposure – Derivatives £000's	Market Value £000's	% of Total Net Assets
Inflation Swaps – (0.25%); 28.2.2023 (0.23%)				
22,830,000	Goldman Sachs (UK Sterling) 4.228% vs Variable 15/10/2031	20,075	(2,666)	(0.25)
Portfolio of investments			1,006,429	95.95
CASH EQUIVALENTS				
Short-term Money Market Funds – 0.00%; 28.2.2023 2.85%				
Net other assets			42,483	4.05
Total net assets			1,048,912	100.00

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

Underlying exposure has been calculated according to the guidelines issued by the European Securities and Markets Authority ("ESMA") (as adopted by the FCA) and represents the market value of an equivalent position in the assets underlying each financial derivative instrument.

The counterparties for the forward currency contracts are Barclays Bank Plc, BNP Paribas Arbitrage SNC, Citigroup Global Markets Limited, HSBC Bank Plc, Morgan Stanley & Co. International Plc, Royal Bank of Canada, Royal Bank of Scotland Plc, Société Générale SA, Standard Chartered Bank, State Street Global Advisors Limited and UBS AG.

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

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

[†] Managed by a related party.

Statement of Total Return (unaudited)

for the six months ended 31 August 2023

	31.8.2023	31.8.2022
£000's	£000's	£000's
Income		
Net capital losses	(23,646)	(124,612)
Revenue	22,765	15,639
Expenses	(2,592)	(2,573)
Interest payable and similar charges	(726)	(1,521)
Net revenue before taxation	19,447	11,545
Taxation	–	(1)
Net revenue after taxation	19,447	11,544
Total return before distributions	(4,199)	(113,068)
Distributions	(22,039)	(14,116)
Change in net assets attributable to unitholders from investment activities	(26,238)	(127,184)

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
Opening net assets attributable to unitholders	897,815	1,086,140
Amounts receivable on issue of units	313,160	104,327
Amounts payable on cancellation of units	(149,086)	(173,387)
	164,074	(69,060)
Change in net assets attributable to unitholders from investment activities	(26,238)	(127,184)
Retained distribution on accumulation units	13,261	7,991
Closing net assets attributable to unitholders	1,048,912	897,887

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
Assets:		
Fixed assets		
– Investment assets	1,013,974	859,525
Current assets		
– Debtors	19,736	19,512
– Cash and bank balances	13,384	9,915
– Cash collateral posted	24,021	18,345
– Cash equivalents	–	25,543
Total assets	1,071,115	932,840
Liabilities:		
Investment liabilities	(7,545)	(4,443)
Creditors		
– Amounts due to futures clearing houses and brokers	(4,210)	(5,795)
– Distributions payable	(4,985)	(3,827)
– Other creditors	(5,463)	(20,960)
Total liabilities	(22,203)	(35,025)
Net assets attributable to unitholders	1,048,912	897,815

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 and the Prospectus, employ techniques and instruments relating to transferable securities, including investments in Over-the-Counter Financial Derivative Instruments (OTC FDIs) provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange risk or for direct investment purposes, where applicable.

In addition to the investments in OTC FDIs, the Fund may employ other techniques and instruments relating to transferable securities and money market instruments, subject to the conditions set out in the Fund's Prospectus, as amended from time to time, and the relevant ESMA Guidelines (as adopted by the FCA), such as repurchase/reverse repurchase transactions ("repo transactions") and securities lending.

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
4.01	3.69	23

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.

Supplementary Information continued

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 Bank	UK	9,333	9,769
BNP Paribas	France	20,574	21,413
Merrill Lynch International	UK	172	180
Morgan Stanley International	UK	4,388	4,557
Zürcher Kantonalbank	Switzerland	4,230	4,682
Total		38,697	40,601

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 and OTC FDIs, 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
Securities lending transactions				
CAD	–	–	2	–
CNY	–	–	468	–
EUR	–	–	31,005	–
GBP	–	–	1,416	–
HKD	–	–	468	–
USD	–	–	7,242	–
Total	–	–	40,601	–
OTC FDIs				
GBP	–	24,021	–	–
	–	24,021	–	–
Total	–	24,021	40,601	–

All cash posted as collateral has an open maturity tenor as it's not subject to a contractual maturity date.

Supplementary Information continued

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 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
Collateral received - securities lending							
Fixed income							
Investment grade	–	–	1,320	2,081	32,518	–	35,919
Equities							
Recognised equity index	–	–	–	–	–	4,682	4,682
Total	–	–	1,320	2,081	32,518	4,682	40,601

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 received as collateral are presented as open transactions as they are not subject to a contractual maturity date.

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), with the exception of the amounts disclosed in the following table which are held through a securities settlement system.

Custodian	Non-cash collateral received	
	Securities lending	OTC FDIs
	£000's	£000's
Euroclear Bank SA/NAV	31,362	–

Supplementary Information continued

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
France, Republic of (Government)	14,061	1.34
Germany, Federal Republic of (Government)	4,863	0.46
Netherlands, Kingdom of the (Government)	4,419	0.42
Austria, Republic of (Government)	4,204	0.40
United States of America (Government)	3,497	0.33
Belgium, Kingdom of (Government)	1,957	0.19
United Kingdom of Great Britain and Northern Ireland (Government)	1,416	0.14
KfW	1,361	0.13
Alibaba Health Information Technology Ltd	468	0.05
China Construction Bank Corp	468	0.04
Other issuers	3,887	0.37
Total	40,601	3.87

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.

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