



# **Interim report**

BlackRock Global Income Fund

**For the six months ended 31 August 2018**

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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\* C L Carter M B Cook (appointed 2 May 2018) W I Cullen\* R A Damm R A R Hayes  
A M Lawrence L E Watkins (appointed 16 May 2018) M T Zemek\*

\* Non-executive Director.

## Trustee\* & Custodian

The Bank of New York Mellon (International) Limited  
One Canada Square, London E14 5AL

Authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority.

\* On 18 June 2018 the Trustee changed from BNY Mellon Trust & Depositary (UK) Limited to The Bank of New York Mellon (International) Limited.

## Investment Manager

BlackRock Investment Management (UK) Limited  
12 Throgmorton Avenue, London EC2N 2DL

Authorised and regulated by the FCA.

## Securities Lending Agent

BlackRock Advisors (UK) Limited  
12 Throgmorton Avenue, London EC2N 2DL

Authorised and regulated by the FCA.

## Auditor

Ernst & Young LLP  
Atria One, 144 Morrison Street, Edinburgh EH3 8EX

BlackRock's proxy voting agent is ISS (Institutional Shareholder Services).

## This Report relates to the packaged products of and is issued by:

BlackRock Fund Managers Limited  
12 Throgmorton Avenue, London EC2N 2DL  
Telephone: 020 7743 3000  
Dealing and Investor Services: 0800 44 55 22  
blackrock.co.uk

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



## Performance Table

	For the six months to 31.8.2018	For the three years to 31.8.2018	For the five years to 31.8.2018
<b>TOTAL RETURN (with net income reinvested)</b>			
<b>Class D Accumulation Units</b>			
BlackRock Global Income Fund	<b>+5.8%</b>	+51.7%	+68.4%
MSCI All Country World Index†	<b>+8.3%</b>	+65.6%	+88.8%

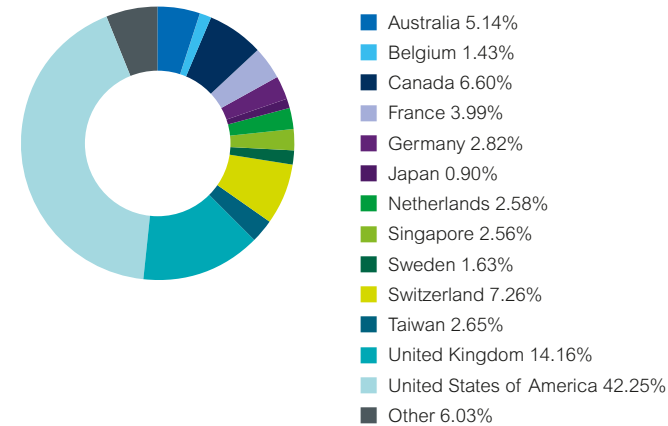
All Fund figures quoted are based on bid-to-bid dealing prices (the price at which units are sold) and are calculated net of fees. Performance returns are cumulative.  
All returns are in Sterling.  
† Figures from Index Vendor.

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. Changes in exchange rates may cause the value of an investment to fluctuate. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

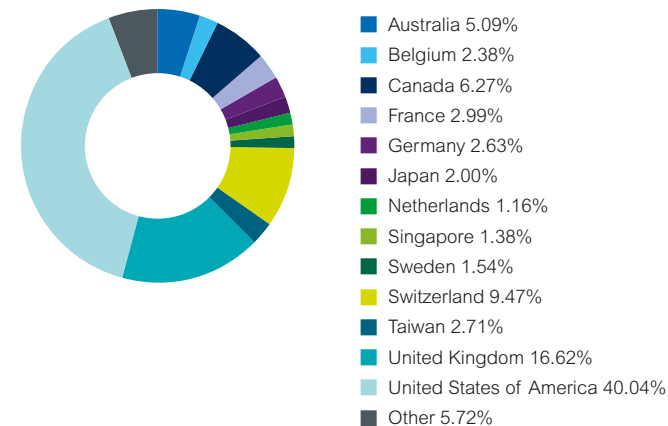
## Classification of Investments

The following charts provide an analysis of the equity portfolio weightings as at 31 August 2018 and 28 February 2018 by their respective geographical locations.

### 31 August 2018 – Geographical locations



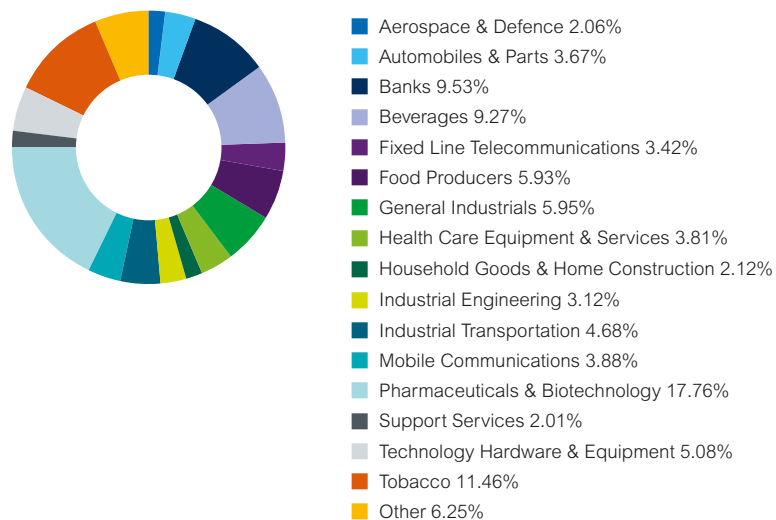
### 28 February 2018 – Geographical locations



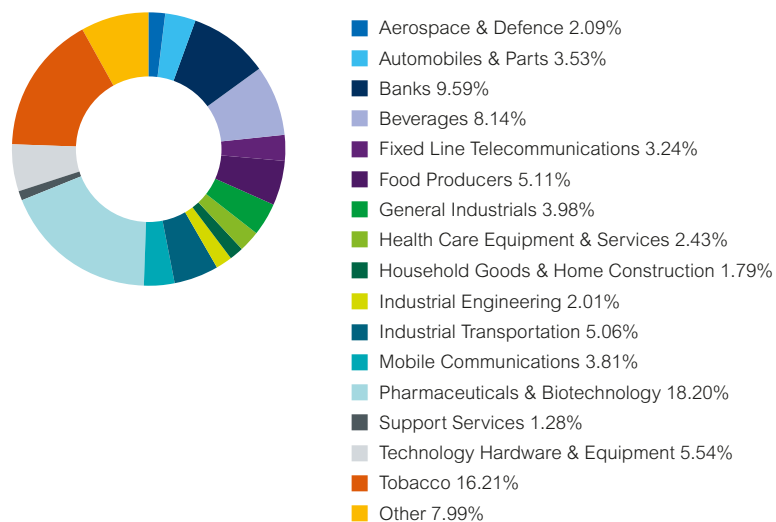
## Classification of Investments continued

The following charts provide an analysis of the equity portfolio weightings as at 31 August 2018 and 28 February 2018 by both their respective sector allocations.

### 31 August 2018 – Sector allocations



### 28 February 2018 – Sector allocations



## Investment Report

### Summary of Performance over the Period

The Fund returned 5.8%\* over the six-month period to 31 August 2018, very regrettably underperforming its benchmark, the MSCI All Country World Index, which returned 8.3%.

Underperformance by two European postal companies and four tobacco companies drove the majority of poor returns versus the index. The Fund is not managed with close attention being paid to the short term return of the index or its composition, but with a focus on generating a sustainable income from its portfolio and long term outperformance of the index. As at 31 August 2018, the Fund offered a prospective gross yield (return before taxes and expenses) of 3.4%, more than the 2.2% offered by the benchmark\*\*.

### Market Review

Global developed stock markets gained over the period, significantly outperforming emerging markets. UK markets lagged global markets as Brexit negotiations continued. Elsewhere, US stocks fared well, as investors focused on strength in the domestic economy. Early in the period, concerns over an escalating trade war between the US and other countries (including China, Canada and Mexico) took their toll on investor sentiment, but markets subsequently recovered their losses. In Europe, Italian banking stocks fell after the country's coalition leaders clashed with the president over the appointment of a eurosceptic candidate to the post of finance minister. Turkish stocks were weak during the period, along with its currency, after investors lost confidence in President Recep Erdogan's ability to enact reforms.

### Fund Performance and Activity

Poor stock selection within industrials and consumer staples drove the majority of underperformance, primarily due to disappointing financial results from Bpost and Deutsche Post, as well as investor uncertainty regarding the long term outlook for the tobacco industry. The postal companies suffered from higher than expected costs of the increased parcel delivery volumes that are linked to e-commerce. Philip Morris International, British American Tobacco, Altria and Japan Tobacco suffered from negative investor sentiment related to possible disruption from regulation and next generation products. The Fund still owns all of these companies, except for Bpost.

Owning fewer financial companies than the index benefited relative returns, as this was the only part of the index to suffer negative returns during the period. Positive stock selection within telecommunications also offset some underperformance, as Rogers Communications and TELUS delivered robust financial results.

The largest change in sector positioning was a reduction in our tobacco exposure. Although our outlook for the industry remains broadly positive, recent developments have introduced higher than average volatility levels to the share prices. We sought to minimise the effect on the overall Fund by reducing all of our tobacco positions. This capital was reinvested across new and existing positions within industrials and healthcare. At the country level, these changes resulted in a meaningful reduction of the UK exposure, as well as increases to the Netherlands and Ireland. In addition, sales of a pharmaceutical company and a chemicals company in Switzerland meaningfully reduced the overall exposure to that country.

\* Performance figures quoted are based on bid-to-bid dealing prices (the price at which units are sold). Performance is calculated net of fees and reported for the Fund's class D Accumulation Units.

\*\* Gross yield calculated as the weighted average 12-month dividend yield of the stocks held in the Fund as at 31 August 2018.

### Outlook

Looking forward, we see a structural trend of a lower growth, more volatile world economy characterised by demographic events, slowing productivity gains and high levels of debt. Therefore, companies able to deliver good growth with high returns on capital, regardless of the macroeconomic environment, should outperform. We currently find most of these stocks in consumer staples and healthcare, and predominantly from companies listed in the West.

### September 2018

## Performance Record

### Net Asset Value

At 31 August 2018	Units in Issue	Net Asset Value £000's	Net Asset Value per Unit p
A Income	5,499,938	8,883	161.5
A Accumulation	1,502,367	2,996	199.4
D Income	72,401,658	123,240	170.2
D Accumulation	17,384,892	36,625	210.7

### Distribution Payable for the period to 31 August 2018

Unit Class	Distribution payable on 31.10.2018 Pence per Unit
A Income	0.7500
A Accumulation	0.9182
D Income	0.7881
D Accumulation	0.9689

### Operating Charges

Unit Class	1.3.2018 to 31.8.2018	1.3.2017 to 28.2.2018
A Income	1.68%	1.69%
A Accumulation	1.69%	1.69%
D Income	0.94%	0.94%
D Accumulation	0.94%	0.94%

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 2018

Holding or Nominal Value Investment	Market Value £000's	% of Total Net Assets
<b>EQUITIES – 100.21%; 28.2.2018 100.07%</b>		
<b>ASIA PACIFIC – 13.17%; 28.2.2018 13.85%</b>		
<b>Australia – 5.14%; 28.2.2018 5.09%</b>		
591,893 Amcor	4,704	2.74
108,200 Ansell	1,510	0.88
179,332 Sonic Healthcare	2,612	1.52
	<b>8,826</b>	<b>5.14</b>
<b>China – 1.02%; 28.2.2018 1.14%</b>		
417,000 Anta Sports Products	<b>1,744</b>	<b>1.02</b>
<b>Hong Kong – 0.00%; 28.2.2018 0.49%</b>		
<b>India – 0.90%; 28.2.2018 1.04%</b>		
43,936 Hero Moto	<b>1,551</b>	<b>0.90</b>
<b>Japan – 0.90%; 28.2.2018 2.00%</b>		
76,300 Japan Tobacco	<b>1,548</b>	<b>0.90</b>
<b>Singapore – 2.56%; 28.2.2018 1.38%</b>		
156,987 DBS	2,198	1.28
145,100 United Overseas Bank	2,200	1.28
	<b>4,398</b>	<b>2.56</b>
<b>Taiwan – 2.65%; 28.2.2018 2.71%</b>		
661,000 Far EasTone Telecommunications	1,208	0.70
523,000 Taiwan Semiconductor Manufacturing	3,345	1.95
	<b>4,553</b>	<b>2.65</b>
<b>EUROPE – 24.03%; 28.2.2018 23.29%</b>		
<b>Belgium – 1.43%; 28.2.2018 2.38%</b>		
17,740 Anheuser-Busch InBev	1,277	0.74
100,003 Bpost <sup>o</sup>	1,177	0.69
	<b>2,454</b>	<b>1.43</b>
<b>Denmark – 1.20%; 28.2.2018 1.11%</b>		
54,119 Novo Nordisk class 'B' shares	<b>2,060</b>	<b>1.20</b>
<b>Finland – 3.12%; 28.2.2018 2.01%</b>		
127,772 KONE class 'B' shares	<b>5,365</b>	<b>3.12</b>
<b>France – 3.99%; 28.2.2018 2.99%</b>		
71,243 Sanofi	4,733	2.76
33,652 Schneider Electric	2,121	1.23
	<b>6,854</b>	<b>3.99</b>

Holding or Nominal Value Investment	Market Value £000's	% of Total Net Assets
<b>Germany – 2.82%; 28.2.2018 2.63%</b>		
171,741 Deutsche Post	<b>4,845</b>	<b>2.82</b>
<b>Netherlands – 2.58%; 28.2.2018 1.16%</b>		
27,321 Heineken	2,078	1.21
68,122 Koninklijke Philips	2,353	1.37
	<b>4,431</b>	<b>2.58</b>
<b>Sweden – 1.63%; 28.2.2018 1.54%</b>		
297,166 Svenska Handelsbanken series 'A' shares <sup>o</sup>	<b>2,802</b>	<b>1.63</b>
<b>Switzerland – 7.26%; 28.2.2018 9.47%</b>		
79,080 Nestlé	5,104	2.97
88,519 Novartis	5,686	3.31
826 SGS	1,685	0.98
	<b>12,475</b>	<b>7.26</b>
<b>NORTH AMERICA – 48.85%; 28.2.2018 46.31%</b>		
<b>Canada – 6.60%; 28.2.2018 6.27%</b>		
136,255 Rogers Communications class 'B' shares <sup>o</sup>	5,457	3.18
204,757 TELUS	5,874	3.42
	<b>11,331</b>	<b>6.60</b>
<b>United States of America – 42.25%; 28.2.2018 40.04%</b>		
19,579 3M	3,165	1.84
29,217 AbbVie	2,174	1.27
126,024 Altria	5,686	3.31
148,478 Cisco Systems	5,382	3.13
43,556 Citizens Financial	1,370	0.80
154,201 Coca-Cola	5,328	3.10
62,361 Genuine Parts	4,750	2.77
83,140 International Paper	3,307	1.93
65,530 Johnson & Johnson	6,800	3.96
18,629 M&T Bank	2,526	1.47
32,553 Medtronic	2,423	1.41
21,503 Microsoft	1,851	1.08
31,644 Paychex	1,773	1.03
51,169 PepsiCo	4,405	2.56
112,523 Pfizer	3,591	2.09
59,021 Philip Morris International	3,566	2.08
56,826 Procter & Gamble	3,644	2.12
21,304 United Parcel Service class 'B' shares	2,012	1.17
34,686 United Technologies	3,536	2.06
62,984 US Bancorp	2,617	1.52
59,062 Wells Fargo	2,655	1.55
	<b>72,561</b>	<b>42.25</b>

## Portfolio Statement (unaudited) continued

Holding or Nominal Value Investment	Market Value £000's	% of Total Net Assets
<b>UNITED KINGDOM – 14.16%; 28.2.2018 16.62%</b>		
62,799 AstraZeneca	3,655	2.13
119,207 British American Tobacco	4,481	2.61
105,533 Diageo	2,847	1.66
244,356 GlaxoSmithKline	3,853	2.24
158,956 Imperial Brands	4,390	2.56
115,562 Unilever	5,081	2.96
	<b>24,307</b>	<b>14.16</b>
<b>Portfolio of investments</b>	<b>172,105</b>	<b>100.21</b>
Net other liabilities	(361)	(0.21)
<b>Total net assets</b>	<b>171,744</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>a</sup> All or a portion of this investment represents a security on loans.

## Statement of Total Return (unaudited)

for the six months ended 31 August 2018

	£000's	31.8.2018 £000's	£000's	31.8.2017 £000's
Income				
Net capital gains		7,471		2,752
Revenue	3,666		3,387	
Expenses	(844)		(817)	
Interest payable and similar charges	(1)		–	
Net revenue before taxation	2,821		2,570	
Taxation	(416)		(462)	
Net revenue after taxation		2,405		2,108
Total return before distributions		9,876		4,860
Distributions		(1,730)		(1,481)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>8,146</b>		<b>3,379</b>

## Statement of Change in Net Assets Attributable to Unitholders

(unaudited) for the six months ended 31 August 2018

	£000's	31.8.2018 £000's	£000's	31.8.2017 £000's
<b>Opening net assets attributable to unitholders</b>		168,000		161,343
Amounts receivable on issue of units	20,786		12,014	
Amounts payable on cancellation of units	(25,556)		(15,837)	
		(4,770)		(3,823)
Change in net assets attributable to unitholders from investment activities		8,146		3,379
Retained distribution on accumulation units		368		342
<b>Closing net assets attributable to unitholders</b>		<b>171,744</b>		<b>161,241</b>

The above statement shows the comparative closing net assets at 31 August 2017 whereas the current accounting period commenced 1 March 2018.



## Balance Sheet (unaudited)

at 31 August 2018

	31.8.2018 £000's	28.2.2018 £000's
<b>Assets:</b>		
Fixed assets		
– Investment assets	172,105	168,112
Current assets		
– Debtors	717	1,243
– Cash and bank balances	139	1,402
<b>Total assets</b>	<b>172,961</b>	<b>170,757</b>
<b>Liabilities:</b>		
Creditors		
– Distributions payable	(612)	(1,953)
– Other creditors	(605)	(804)
<b>Total liabilities</b>	<b>(1,217)</b>	<b>(2,757)</b>
<b>Net assets attributable to unitholders</b>	<b>171,744</b>	<b>168,000</b>

G D Bamping (Director)  
M T Zemek (Director)  
BlackRock Fund Managers Limited  
30 October 2018

## Notes to Financial Statements (unaudited)

for the six months ended 31 August 2018

### Accounting Policies

The financial statements have been prepared in accordance with 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 2018 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 rate 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 Prospectus, as amended from time to time, and the relevant ESMA Guidelines, 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 Securities Lending Agent, BlackRock Advisors (UK) Limited, a related party to the Fund, and separately between the Securities 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 Lending Agent.

The following table details the value of securities on loan as a proportion of the Fund's total lendable assets and NAV as at 31 August 2018 and the income earned for the period ended 31 August 2018. 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
4.83	4.55	6

The total income earned from securities lending transactions is split between the Fund and the Securities Lending Agent. The Fund receives 62.5% while the Securities Lending Agent receives 37.5% of such income, with all operational costs borne out of the Securities Lending Agent's share.

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

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 2018.

Counterparty	Counterparty's country of establishment	Securities Lending	
		Amount on loan	Collateral received
		£000's	£000's
Citigroup Global Markets Limited	UK	6,827	7,191
J.P. Morgan Securities Plc	UK	993	1,089
<b>Total</b>		<b>7,820</b>	<b>8,280</b>

### Collateral

The following table provides an analysis by currency of the underlying non-cash collateral received by way of title transfer collateral arrangement by the Fund, in respect of securities lending transactions as at 31 August 2018.

Currency	Non-cash collateral received
	£000's
CAD	1
CHF	37
CNY	327
EUR	5,482
GBP	1,419
HKD	19
JPY	181
NOK	3
SEK	2
USD	809
<b>Total</b>	<b>8,280</b>

The Fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default.

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 by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 31 August 2018.

## Supplementary Information continued

Collateral type and quality	Maturity Tenor		Total
	More than 365 days	Open transactions	
	£000's	£000's	£000's
<b>Collateral received</b>			
<b>Fixed Income</b>			
Investment grade	7,191	–	7,191
<b>Equities</b>			
Recognised equity index	–	1,089	1,089
<b>Total</b>	<b>7,191</b>	<b>1,089</b>	<b>8,280</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 received as collateral are presented as open transactions as they are not subject to a contractual maturity date.

As at 31 August 2018, 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 ten largest issuers by value of non-cash collateral received by the Fund by way of title transfer collateral arrangement across securities lending transactions as at 31 August 2018.

Issuer	Value	% of the Fund's NAV
	£000's	
Kingdom of Netherlands	1,301	0.76
Republic of France	1,301	0.76
UK Government	1,301	0.76
Federal Republic of Germany	1,301	0.76
Republic of Austria	1,301	0.76
US Treasury	685	0.40
British American Tobacco Plc	75	0.04
Intesa SanPaolo	59	0.03
Industrial and Commercial Bank of China	50	0.02
Bank of China Ltd	34	0.02
Other issuers	872	0.51
<b>Total</b>	<b>8,280</b>	<b>4.82</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 2018, the firm manages £4.94 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. Through BlackRock Solutions, the Firm provides risk management and enterprise investment services for over 200 clients.

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 30 countries around the world.

## Want to know more?



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