



Interim report

BlackRock UK Fund

For the six months ended 31 August 2018

Contents

General Information	2
About the Fund	3
Investment Objective & Policy	3
Fund Manager	3
Significant Events	3
Risk and Reward Profile	4
Performance Table	5
Classification of Investments	6
Investment Report	7
Performance Record	9
Portfolio Statement	10
Statement of Total Return	13
Statement of Change in Net Assets Attributable to Unitholders	13
Balance Sheet	14
Notes to Financial Statements	15
Supplementary Information	16

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
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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
TOTAL RETURN (with net income reinvested)			
Class D Accumulation Units			
BlackRock UK Fund	+11.0%	+46.3%	+66.0%
FTSE All-Share Index [^]	+5.6%	+33.7%	+44.1%

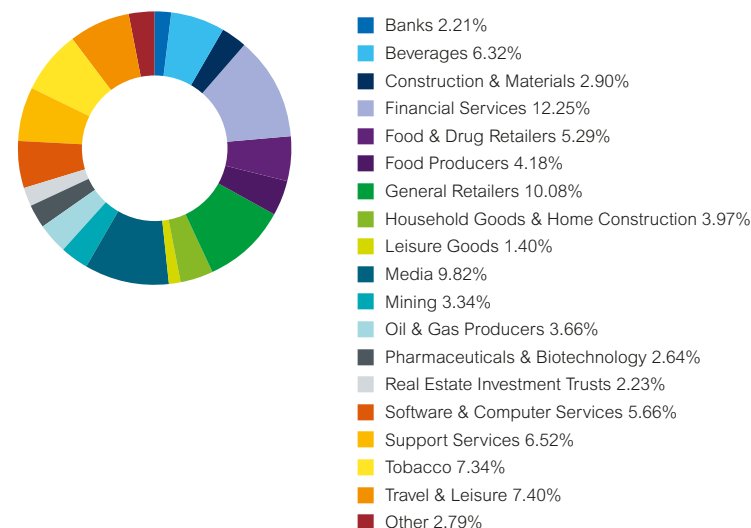
All Fund figures quoted are based on bid-to-bid dealing prices (the price at which units are sold) and are calculated net of fees. Performance returns are cumulative.
All returns are in Sterling.
[^] Figures from Index Vendor.

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.

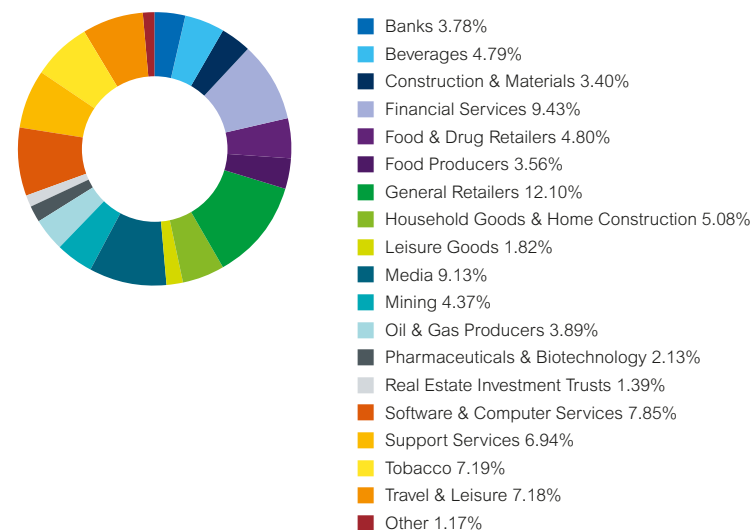
Classification of Investments

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

31 August 2018



28 February 2018



Investment Report

Summary of Performance over the Period

The Fund returned 11.0%* over the six-month period to 31 August 2018, outperforming its benchmark, the FTSE All-Share Index, which returned 5.6%.

Market Review

UK stocks gained over the review period but lagged global stocks. Headwinds included the Brexit negotiations, which were a source of division within the Conservative party. Brexit related concerns also put pressure on sterling, which weakened against the US dollar. This helped the FTSE 100 touch a new intra-day high in May (large cap stocks generate most of their revenues overseas, so a depreciation in sterling makes them more competitive). However, the FTSE 100 subsequently fell as concerns over political risk in Italy (and Turkey) unnerved investors. The retail sector showed more signs of stress with Marks & Spencer, Mothercare and House of Fraser announcing the closure of several stores. Mergers and acquisitions activity continued, with notable bids including a planned \$10 billion merger of Sainsbury's and Asda.

Fund Performance and Activity

Outperformance was driven by companies that released solid financial results, demonstrating strong growth ahead of market expectations. Netflix, one of our international holdings, rose strongly, as the company once again beat expectations for subscriber numbers. As a result, the value of its market position was revalued upwards. Fever-Tree Drinks rose as the company continued to beat profit expectations, with strong performance from the UK, while the expansion into the US presents a large opportunity. Hargreaves Lansdown added to performance, as the company delivered further asset growth alongside better services for savers. We expect this to continue, and the most recent cash savings product should prove attractive.

On the negative side, Just Eat's share price experienced ups and downs during the period, as the market questioned whether the move into a delivery model would be successful. Further pressure came when rival Deliveroo announced its rapid expansion plans in the UK, with restaurants able to sign up without committing to using Deliveroo's rider network, therefore directly competing with Just Eat's business model. Veterinary group CVS fell in response to the company's disappointing interim results, which highlighted that lower than expected performance of some recent acquisitions had impacted full year earnings. Our investment case is based in part on management's ability to acquire practices strategically, leveraging the groups' network and scale – therefore, the news was clearly disappointing. Management believe the issues have been resolved by the application of tighter controls, and we continue to believe CVS can further consolidate the highly fragmented UK veterinary market.

Our core holdings remain unchanged. We have added to existing holdings in Next, British American Tobacco and media company RELX, while taking some profits in strong performers including Netflix and PayPal. New purchases include Croda International (speciality chemicals), Mastercard and Workspace (commercial property).

Outlook

The UK, like most economies, continues to grow, and the same can be said of corporate profits. Sterling volatility may cause exaggerated short term share price moves, given the translation impact on profits of global companies (listed in London or not), but this is not a long term reflection on the underlying health of those businesses, which we expect will continue to deliver growth that is well ahead of peers and strong in absolute terms. We retain a positive outlook for equities, including UK equities, and for global and UK gross domestic product growth. Although changes in interest rate policy are always a risk, we do not expect large negative surprises, and we do not expect any moves to cause enduring problems. We remain confident that the wider economic and political environment should be stable and generally positive enough to allow specific investment cases to be successful.

September 2018

* 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.

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	9,484,612	40,339	425.3
A Accumulation	59,801,628	362,241	605.7
D Income	6,150,525	26,294	427.5
D Accumulation	9,007,518	58,137	645.4
S Income	9,169,784	12,515	136.5
S Accumulation	37,402,840	56,171	150.2
X Accumulation	2,673,531	2,712	101.4

Distribution Payable for the period to 31 August 2018

Unit Class	Distribution payable on 31.10.2018 Pence per Unit
A Income	2.7675
A Accumulation	3.9187
D Income	4.3569
D Accumulation	6.5081
S Income	1.4450
S Accumulation	1.5727
X Accumulation*	0.6603

* X Accumulation class commenced May 2018.

Operating Charges

Unit Class	1.3.2018 to 31.8.2018	1.3.2017 to 28.2.2018
A Income	1.67%	1.67%
A Accumulation	1.67%	1.67%
D Income	0.92%	0.92%
D Accumulation	0.92%	0.92%
S Income	0.84%	0.84%
S Accumulation	0.84%	0.84%
X Accumulation*	0.02%	N/A

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).

* X Accumulation class commenced May 2018.

Portfolio Statement (unaudited)

at 31 August 2018

Holding or Nominal Value Investment	Market Value £000's	% of Total Net Assets
EQUITIES – 99.89%; 28.2.2018 99.23%		
UNITED KINGDOM – 99.89%; 28.2.2018 99.23%		
Banks – 2.21%; 28.2.2018 3.78%		
1,595,082 HSBC	10,690	1.92
2,754,583 Lloyds Banking	1,637	0.29
	12,327	2.21
Beverages – 6.32%; 28.2.2018 4.79%		
7,094,566 Chapel Down	7,095	1.27
403,558 Diageo	10,888	1.95
467,215 Fever-Tree Drinks	17,329	3.10
	35,312	6.32
Chemicals – 1.84%; 28.2.2018 0.00%		
200,343 Croda International	10,294	1.84
Construction & Materials – 2.90%; 28.2.2018 3.40%		
7,235,624 Melrose Industries	16,193	2.90
Financial Services – 12.25%; 28.2.2018 9.43%		
996,303 3i	9,001	1.61
1,165,043 Hargreaves Lansdown	25,631	4.59
1,666,137 Integrafina	5,998	1.07
436,683 London Stock Exchange	20,454	3.66
44,650 MasterCard class 'A' shares	7,341	1.32
	68,425	12.25
Food & Drug Retailers – 5.29%; 28.2.2018 4.80%		
11,957,512 Tesco	29,523	5.29
Food Producers – 4.18%; 28.2.2018 3.56%		
531,269 Unilever	23,360	4.18
General Retailers – 10.08%; 28.2.2018 12.10%		
2,313,090 B&M European Value Retail	9,574	1.71
1,134,331 CVS	10,498	1.88
1,155,749 Just Eat	8,971	1.61
36,504 Netflix	10,412	1.86
305,154 Next	16,838	3.02
	56,293	10.08
Household Goods & Home Construction – 3.97%; 28.2.2018 5.08%		
2,504,321 Cairn Homes	3,582	0.64
282,645 Reckitt Benckiser ^o	18,587	3.33
	22,169	3.97
Industrial Engineering – 0.00%; 28.2.2018 0.00%		
437,932 Vitec Global*	–	0.00

Portfolio Statement (unaudited) continued

Holding or Nominal Value Investment	Market Value £000's	% of Total Net Assets
Leisure Goods – 1.40%; 28.2.2018 1.82%		
87,977 Electronic Arts	7,842	1.40
Media – 9.82%; 28.2.2018 9.13%		
2,276,011 Ascential	9,769	1.75
9,785 Auto Trader	44	0.01
1,697,065 RELX	29,130	5.21
3,231,810 Rightmove ^o	15,904	2.85
	54,847	9.82
Mining – 3.34%; 28.2.2018 4.37%		
507,506 Rio Tinto	18,653	3.34
Oil & Gas Producers – 3.66%; 28.2.2018 3.89%		
923,695 BP	5,083	0.91
598,587 Royal Dutch Shell class 'B' shares	15,369	2.75
	20,452	3.66
Pharmaceuticals & Biotechnology – 2.64%; 28.2.2018 2.13%		
135,346 AstraZeneca	7,877	1.41
152,360 Shire	6,844	1.23
	14,721	2.64
Real Estate Investment & Services – 0.32%; 28.2.2018 0.40%		
685,340 Capital & Counties Properties	1,778	0.32
Real Estate Investment Trusts – 2.23%; 28.2.2018 1.39%		
118,870 Derwent London	3,614	0.64
516,052 Great Portland Estates ^o	3,741	0.67
475,114 Workspace	5,122	0.92
	12,477	2.23
Software & Computer Services – 5.66%; 28.2.2018 7.85%		
412,696 Accesso Technology	11,060	1.98
102,565 First Derivative	4,349	0.78
61,615 Intuit	10,357	1.85
1,088,599 Sophos ^o	5,878	1.05
	31,644	5.66
Support Services – 6.52%; 28.2.2018 6.94%		
709,386 Ashtead	16,862	3.02
60,385 Ferguson	3,747	0.67
520,468 Howden Joinery ^o	2,572	0.46
170,359 PayPal ^o	12,063	2.16
183,273 Sanne	1,144	0.21
	36,388	6.52
Technology Hardware & Equipment – 0.52%; 28.2.2018 0.00%		
16,620 Apple	2,876	0.52

Holding or Nominal Value Investment	Market Value £000's	% of Total Net Assets
Tobacco – 7.34%; 28.2.2018 7.19%		
867,793 British American Tobacco	32,620	5.84
302,624 Imperial Brands	8,358	1.50
	40,978	7.34
Travel & Leisure – 7.40%; 28.2.2018 7.18%		
1,292,153 888 Holdings	3,016	0.54
1,245,941 Cineworld	3,793	0.68
229,125 Compass	3,830	0.69
516,881 GVC	5,655	1.01
791,406 Patisserie	3,447	0.62
3,082,365 SSP ^o	21,549	3.86
	41,290	7.40
Portfolio of investments	557,842	99.89
CASH EQUIVALENTS		
Short-term Money Market Funds – 0.61%; 28.2.2018 0.89%		
3,382,395 Institutional Cash Series plc – Institutional Sterling Liquidity Fund**	3,382	0.61
Net other liabilities	(2,815)	(0.50)
Total net assets	558,409	100.00

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

* Unquoted investment fair valued at zero.

** Managed by a related party.

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

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		50,451		33,534
Revenue	8,284		10,158	
Expenses	(3,972)		(3,959)	
Interest payable and similar charges	(1)		–	
Net revenue before taxation	4,311		6,199	
Taxation	(21)		(13)	
Net revenue after taxation		4,290		6,186
Total return before distributions		54,741		39,720
Distributions		(4,291)		(6,185)
Change in net assets attributable to unitholders from investment activities		50,450		33,535

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
Opening net assets attributable to unitholders		523,262		539,424
Amounts receivable on issue of units	17,644		8,926	
Amounts payable on cancellation of units	(36,485)		(50,234)	
		(18,841)		(41,308)
Change in net assets attributable to unitholders from investment activities		50,450		33,535
Retained distribution on accumulation units		3,536		5,070
Unclaimed distributions		2		1
Closing net assets attributable to unitholders		558,409		536,722

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
Assets:		
Fixed assets		
– Investment assets	557,842	519,207
Current assets		
– Debtors	5,728	2,310
– Cash and bank balances	461	1,186
– Cash equivalents	3,382	4,676
Total assets	567,413	527,379
Liabilities:		
Creditors		
– Distributions payable	(663)	(118)
– Other creditors	(8,341)	(3,999)
Total liabilities	(9,004)	(4,117)
Net assets attributable to unitholders	558,409	523,262

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 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
7.33	6.86	49

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.

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 2018.

Counterparty	Counterparty's country of establishment	Securities Lending	
		Amount on loan	Collateral received
		£000's	£000's
Citigroup Global Markets Limited	UK	337	355
Credit Suisse AG	Switzerland	1,036	1,096
Deutsche Bank AG	Germany	11,616	12,828
Macquarie Bank Limited	Australia	10,950	12,332
Merill Lynch International	UK	989	1,116
Société Générale SA	France	1,500	1,601
The Bank of Nova Scotia	Canada	11,894	13,144
Total		38,322	42,472

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
AUD	38
CAD	1,952
CHF	45
CNY	1,885
DKK	29
EUR	4,695
GBP	5,842
HKD	474
JPY	3,919
NOK	429
SEK	301
SGD	4
USD	22,859
Total	42,472

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.

Collateral type and quality	Maturity Tenor		Total
	More than 365 days	Open transactions	
	£000's	£000's	£000's
Collateral received			
Fixed Income			
Investment grade	366	–	366
Equities			
Recognised equity index	–	40,984	40,984
ETFs			
UCITS	–	1,122	1,122
Total	366	42,106	42,472

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.

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).

Supplementary Information continued

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	
Northern Trust Corp	1,282	0.23
Intuitive Surgical Inc	1,246	0.22
Monster Beverage Corp	1,121	0.20
Morgan Stanley	1,121	0.20
Microchip Technology Inc	1,121	0.20
Boston Scientific Corp	996	0.18
Hankyu Hanshin Holdings Inc	994	0.18
iShares MSCI Emerging Markets	930	0.17
Alphabet Inc	894	0.16
Toronto-Dominion Bank	892	0.16
Other issuers	31,875	5.71
Total	42,472	7.61

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.

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