Annual report

BlackRock Asia Fund

For the year ended 28 February 2018

Contents

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 (appointed 7 September 2017) W I Cullen* (appointed 14 December 2017)
R A Damm N C D Hall* (resigned 31 May 2017) R A R Hayes A M Lawrence
E E Tracey (resigned 28 February 2018) M T Zemek*

* Non-executive Director.

Trustee
BNY Mellon Trust & Depositary (UK) Limited
The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA

Authorised and regulated by the FCA.

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

Authorised and regulated by the FCA.

Investment Adviser
BlackRock Asset Management North Asia Limited
16F Champion Tower, Three Garden Road, Central, Hong Kong

Regulated by the Securities and Futures Commission.

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

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.

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.

About the Fund

BlackRock Asia Fund (the "Fund") is a UCITS scheme under the COLL Sourcebook. The Fund was authorised on 17 June 2013 and was established on 28 June 2013. The Fund's FCA product reference number is 599967.

Investment Objective & Policy

The Fund aims to achieve long-term capital growth by investing primarily in shares of companies domiciled in or exercising the predominant part of their economic activity in Asia, excluding Japan. The Fund may also invest in other transferable securities (which for the avoidance of doubt may include securities of any geographical focus including Japan), permitted money market instruments, permitted deposits, cash and near cash and units in collective investment schemes. Derivatives may be used for efficient portfolio management purposes only.

Fund Manager

As at 28 February 2018, the Fund Manager of the Fund is Andrew Swan.

Significant Events

Potential Implication of Brexit

In a referendum held on 23 June 2016, the electorate of the United Kingdom ("UK") resolved to leave the European Union ("EU"). The result has led to political instability and economic uncertainty, volatility in the financial markets of the UK and more broadly across the EU.

The longer term process to implement the political, economic and legal framework between the UK and the EU is likely to lead to continuing uncertainty and periods of exacerbated volatility in both the UK and in wider European markets. In particular, the decision made in the British referendum may lead to a call for similar referendums in other European jurisdictions which may also cause increased economic volatility in wider European and global markets. The potential currency volatility resulting from this uncertainty may mean that the returns of the Fund and its investments are adversely affected by market movements. This may also make it more difficult, or more expensive, for the Fund to execute prudent currency hedging policies.

This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of the Fund and its investments to execute its strategies and to receive attractive returns, and may also result in increased costs to the Fund.

Changes in the Directors of the Manager

On 18 May 2017, N C D Hall resigned as a Director effective 31 May 2017. C L Carter was appointed as a Director effective 7 September 2017. W I Cullen was appointed as a Director effective 14 December 2017. E E Tracey resigned as a Director effective 28 February 2018.

Risk and Reward Profile

Unit Class	Lower risk Typically lower rewards						Higher risk Typically higher rewards
A Accumulation	1	2	3	4	5	**6**	7
D Accumulation	1	2	3	4	5	**6**	7
Z Income	1	2	3	4	5	**6**	7
Z Accumulation	1	2	3	4	5	**6**	7

- The risk indicator was calculated incorporating historical or simulated historical data and may not be a reliable indication of the future risk profile of the Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest category does not mean risk free.

For more information on this, please see the Fund's Key Investor Information Documents ("KIIDs"), which are available at **www.blackrock.com**.

Performance Table

	For the year to 28.2.2018	For the three years to 28.2.2018§
TOTAL RETURN (with net income reinvested)		
Class D Accumulation Units		
BlackRock Asia Fund	**+16.8%**	+52.5%
MSCI All Country Asia ex Japan Index^	**+19.1%**	+49.0%

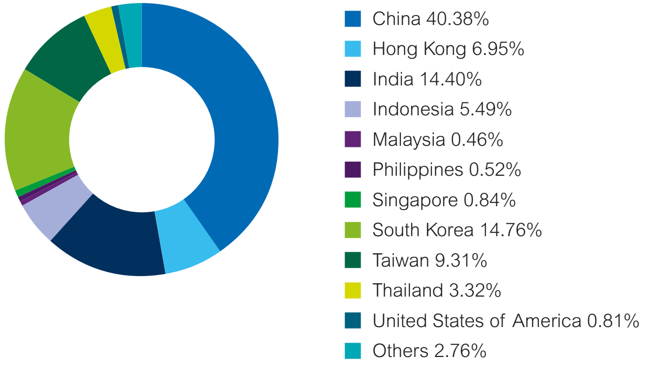
All Fund figures quoted are based on bid-to-bid dealing prices (the price at which units are sold) and are calculated net of fees. Performance returns are cumulative.
All returns are in Sterling.
§ Five year performance data does not exist as the Fund launched in June 2013.
^ Figures from Index Vendor.

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.

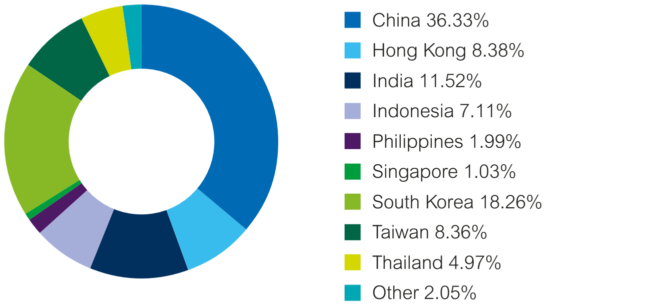
Classification of Investments

The following charts provide an analysis of the equity portfolio weightings as at 28 February 2018 and 28 February 2017 by their respective geographical locations.

28 February 2018



28 February 2017



Investment Report

Summary of Performance over the Year

The Fund returned 16.8%* over the year to 28 February 2018, very regrettably underperforming its benchmark, the MSCI All Country Asia ex Japan Index, which returned 19.1%. Over the six-month period to 28 February 2018, the Fund returned 3.6%*, outperforming its benchmark, which returned 3.3%.

Fund Manager's Commentary

Strong performance in Asian share markets was helped by better sentiment on China, an initially accommodative US Federal Reserve (Fed) maintaining low interest rates, stronger Asian currencies and revived interest in emerging market assets. Sentiment was further lifted by positive earnings revisions across the region, although it was somewhat tempered by global concerns over North Korea, as well as by potential trade protectionism from the US. The strength of sterling versus the US dollar over the period (+12%) meant that returns lagged the previous year (when sterling was weaker). As the Fund's base currency is US dollars (and many Asian currencies are linked to the US dollar) this is always an important factor in absolute returns.

All countries in the benchmark recorded positive returns over the period, with China leading the gains, while ASEAN ("the Association of Southeast Asian Nations") markets generally lagged. During this period, we also saw the information technology ("IT") sector dominate market performance, especially in the early period, although in the latter months there was a partial catch-up by more cyclical sectors (those sensitive to changes in the economic outlook) such as energy, materials and financials.

Our decision to stick with our overweight positioning in these sectors meant performance improved in the second half of the period. However, the Fund's performance over the year was affected early on by this positioning (which reflected our belief that rising global inflation would boost earnings and valuations the most in these sectors). Ultimately, investors' fears about the effects of global growth meant that bond yields fell early in the reporting period, and investors favoured quality-focused sectors such as consumer and IT, meaning that the Fund's first-half performance was very disappointing. We believed that valuations were increasingly over discounting earnings prospects in many parts of the IT complex, hence our reason to be underweight in the sector through the review period.

In the context of this investment environment, stock selection in India and in China were the main detractors from relative returns of the Fund versus the benchmark. At the stock level, an off-benchmark position in Indonesian gas company Perusahaan Gas was the period's top detractor, as the stock was dragged down by disappointing earnings and a collapse in gas demand. In China, Semiconductor Manufacturing, a semiconductor foundry, was another detractor from relative returns. The stock fell, as investors had concerns about the ramp-up of its 28nm node (process technology) affecting corporate earnings, in light of the higher depreciation costs and lower yield. On the other hand, our position in Tencent Holdings was the period's top contributor, as the company continued to improve its competitive position, given its strong hold over China's most used social media platform (WeChat).

* 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.

Activity

We maintained our overweight exposure to China and India, with less exposure than the benchmark to Taiwan, Hong Kong and Singapore. At the sector level, materials remains our most significant overweight exposure, followed by industrials and financials, while IT continues to be the sector in which we are most underweight.

Outlook

As we start a new reporting period, we continue to be optimistic about Asian share market fundamentals. Company earnings are still expanding, fuelled by global activity picking up. In addition, key reforms are starting to bear fruit in various countries and sectors, improving profitability throughout.

Asian earnings are now firmly recovering, and exports are providing support to local economies and companies. The stabilisation of China's growth and the supply-side reforms such as cutting overcapacity and corporate costs – once they are implemented – should not be underestimated for their impact on lifting the whole region.

However, we also recognise that markets have started to reflect the improving fundamentals and that valuations have now surpassed mid-cycle levels. A potential escalation into trade friction is arguably the most disruptive risk to the global economic growth and markets in 2018. For now, we think it is doubtful that limited changes to trade agreements will affect the markets' fundamentals, with any volatility surges (markets ups and downs) caused by protectionist policies likely to be short-lived. A strengthening of the US dollar and how the Fed reacts to improving economic fundamentals are other trends to watch for.

We still believe that global reflationary growth will emerge as the core theme for 2018, particularly as we see a continued synchronised global recovery. Emerging markets and Asia remain the best proxies for investors looking to take advantage of global growth. We expect value and cyclical factors (those that are more sensitive to economic changes) to outperform in this environment, and we are positioned accordingly. Increasing investor flows should play a key role for the asset class over the next few months, given that investors' positioning in Asian share markets remains light. While the recent rise in volatility is a warning for investors in global markets, as long as growth remains robust, we see plenty of opportunities in emerging markets, especially as volatility should add to sector rotation.

March 2018

Performance Record

Comparative Table

	A Accumulation Units			D Accumulation Units		
	For the year to 28.2.2018	For the year to 28.2.2017	For the year to 29.2.2016	For the year to 28.2.2018	For the year to 28.2.2017	For the year to 29.2.2016
	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	150.9	103.2	117.0	155.1	105.3	118.5
Return before operating charges	26.90	49.93	(11.75)	27.74	51.09	(11.98)
Operating charges	(2.86)	(2.24)	(2.04)	(1.67)	(1.30)	(1.23)
Return after operating charges	24.04	47.69	(13.79)	26.07	49.79	(13.21)
Distributions	(0.77)	(0.69)	(0.45)	(1.40)	(1.39)	(1.10)
Retained distributions on accumulation units	0.77	0.69	0.45	1.40	1.39	1.10
Closing net asset value per unit	174.9	150.9	103.2	181.2	155.1	105.3
After direct transaction costs of	(0.56)	(0.34)	(0.65)	(0.58)	(0.35)	(0.66)
Performance						
Return after charges[1]	15.93%	46.21%	(11.79)%	16.81%	47.28%	(11.15)%
Other information						
Closing net asset value (£000's)	869	472	428	78,078	48,108	30,031
Closing number of units	496,534	312,482	414,241	43,096,688	31,019,124	28,524,143
Operating charges[2]	1.73%	1.73%	1.85%	0.98%	0.98%	1.10%
Direct transaction costs[3]	0.34%	0.27%	0.58%	0.34%	0.27%	0.58%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	196.1	160.3	140.2	193.2	156.9	135.3
Lowest bid unit price	149.4	103.0	93.57	153.7	105.3	95.09

[1] The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).
[2] 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).
[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments. See note 13 for further details.

Comparative Table

	Z Income Units			Z Accumulation Units		
	For the year to 28.2.2018	For the year to 28.2.2017	For the period from 29.5.2015^ to 29.2.2016	For the year to 28.2.2018	For the year to 28.2.2017	For the period from 30.4.2015^ to 29.2.2016
	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Change in net assets per unit						
Opening net asset value per unit	120.0	82.31	100.0	121.6	82.38	100.0
Return before operating charges	21.43	40.09	(16.62)	21.77	40.01	(16.93)
Operating charges	(1.01)	(0.80)	(0.06)	(1.02)	(0.81)	(0.69)
Return after operating charges	20.42	39.29	(16.68)	20.75	39.20	(17.62)
Distributions	(1.34)	(1.60)	(1.01)	(1.34)	(1.29)	(1.03)
Retained distributions on accumulation units	N/A	N/A	N/A	1.34	1.29	1.08
Closing net asset value per unit	139.1	120.0	82.31	142.4	121.6	82.38
After direct transaction costs of	(0.44)	(0.27)	(0.37)	(0.45)	(0.28)	(0.42)
Performance						
Return after charges[1]	17.02%	47.73%	(16.68)%	17.06%	47.58%	(17.62)%
Other information						
Closing net asset value (£000's)	22,127	1,824	–[§]	35,518	102	303
Closing number of units	15,909,688	1,520,480	100	24,951,128	83,499	367,630
Operating charges[2]	0.77%	0.78%	0.90%	0.76%	0.78%	0.90%
Direct transaction costs[3]	0.34%	0.27%	0.58%	0.34%	0.27%	0.58%
Prices	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Highest offer unit price	148.5	121.7	100.2	151.8	123.0	101.6
Lowest bid unit price	118.9	82.25	74.94	120.5	82.40	74.32

^ The date of commencement of operations.
[1] The return after charges figures are based on the net asset value reported for financial statements purposes and are not the same as the performance returns figures quoted in the Performance Table and the Investment Report which are based on bid-to-bid dealing prices (the price at which units are sold).
[2] 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).
[3] Direct transaction costs are annualised and principally comprise commissions and taxes, attributable to the Fund's purchase and sale of equity instruments. See note 13 for further details.
[§] Amounts less than £500 are rounded to zero.

Distribution Tables

for the year ended 28 February 2018

Final Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 September 2017
Group 2 – Units purchased 1 September 2017 to 28 February 2018

	A Accumulation Units		D Accumulation Units		Z Income Units		Z Accumulation Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	0.0000	0.0000	0.0000	0.0000	0.0782	0.0370	0.0832	0.0616
Equalisation†	–	0.0000	–	0.0000	–	0.0412	–	0.0216
Distribution paid 30.4.2018	**0.0000**	**0.0000**	**0.0000**	**0.0000**	**0.0782**	**0.0782**	**0.0832**	**0.0832**
Distribution paid 30.4.2017	**0.0000**	**0.0000**	**0.2204**	**0.2204**	**0.2836**	**0.2836**	**0.2836**	**0.2836**

Interim Distribution in Pence per Unit

Group 1 – Units purchased prior to 1 March 2017
Group 2 – Units purchased 1 March 2017 to 31 August 2017

	A Accumulation Units		D Accumulation Units		Z Income Units		Z Accumulation Units	
	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2	Group 1	Group 2
Net revenue (dividend)	0.7674	0.4938	1.4045	0.8499	1.2577	0.5956	1.2566	0.5558
Equalisation†	–	0.2736	–	0.5546	–	0.6621	–	0.7008
Distribution paid 31.10.2017	**0.7674**	**0.7674**	**1.4045**	**1.4045**	**1.2577**	**1.2577**	**1.2566**	**1.2566**
Distribution paid 31.10.2016	**0.6882**	**0.6882**	**1.1648**	**1.1648**	**1.3200**	**1.3200**	**1.0030**	**1.0030**

† Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Report on Remuneration

The below disclosures are made in respect of the remuneration policies of the BlackRock group ("BlackRock"), as they apply to BlackRock Fund Managers Limited (the "Manager"). The disclosures are made in accordance with the Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("UCITS"), as amended, including in particular by Directive 2014/91/EU of the European Parliament and of the council of 23 July 2014, (the "UCITS Directive"), the "Guidelines on sound remuneration policies under the UCITS Directive and AIFMD" issued by the European Securities and Markets Authority ("ESMA"), the Financial Conduct Authority Handbook SYSC 19E: The UCITS Remuneration Code (the "UCITS Remuneration Code"), and COLL 4.5.7 R(7).

BlackRock's UCITS Remuneration Policy (the "UCITS Remuneration Policy") will apply to the EEA entities within the BlackRock group authorised as a manager of alternative investment funds in accordance with the UCITS Directive, and will ensure compliance with the requirements of Article 14b of the UCITS Directive and the UCITS Remuneration Code.

The Manager has adopted the UCITS Remuneration Policy, a summary of which is set out below.

Remuneration Governance

BlackRock's remuneration governance in EMEA operates as a tiered structure which includes: (a) the Management Development and Compensation Committee ("MDCC") (which is the global, independent remuneration committee for BlackRock, Inc. and all of its subsidiaries, including the Manager); and (b) the Manager's board of directors (the "Manager's Board"). The MDCC is responsible for the determination of BlackRock's remuneration policies.

(a) MDCC

The MDCC's purposes include:

- providing oversight of:
  - BlackRock's executive compensation programmes;
  - BlackRock's employee benefit plans; and
  - such other compensation plans as may be established by BlackRock from time to time for which the MDCC is deemed as administrator;
- reviewing and discussing the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management and approving the MDCC's report for inclusion in the proxy statement;
- reviewing, assessing and making reports and recommendations to the BlackRock, Inc. board of directors (the "BlackRock, Inc. Board") as appropriate on BlackRock's talent development and succession planning, with the emphasis on performance and succession at the highest management levels; and
- in accordance with applicable UK and European regulations and guidance, to act as the Remuneration Committee for BlackRock's EMEA regulated entities.

The MDCC directly retains an independent compensation consultant, Semler Brossy Consulting Group LLC, which has no relationship with BlackRock, Inc. or the BlackRock, Inc. Board that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The BlackRock, Inc. Board has determined that all of the members of the MDCC are "independent" within the meaning of the listing standards of the New York Stock Exchange (NYSE), which requires each meet a "non-employee director" standard.

The MDCC held 10 meetings during 2017. The MDCC charter is available on BlackRock, Inc.'s website (www.blackrock.com).

Through its regular reviews, the MDCC continues to be satisfied with the principles of BlackRock's compensation policy and approach.

(b) The Manager's Board

The Manager's Board has the task of supervising and providing oversight of the UCITS Remuneration Policy as it applies to the Manager and its Identified Staff.

The Manager's Board (through independent review by the relevant control functions) remains satisfied with the implementation of the UCITS Remuneration Policy as it applies to the Manager and its Identified Staff.

Decision-making process

Remuneration decisions for employees are made once annually in January following the end of the performance year. This timing allows full-year financial results to be considered along with other non-financial goals and objectives. Although the framework for remuneration decision-making is tied to financial performance, significant discretion is used to determine individual variable remuneration based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual remuneration amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award. The variable remuneration awarded to any individual(s) for a particular performance year may also be zero.

Annual incentive awards are paid from a bonus pool.

The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after year-end. As part of this review, the MDCC receives actual and projected financial information over the course of the year as well as final year-end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of BlackRock's financial performance (e.g., net inflows of AUM and investment performance) as well as information regarding market conditions and competitive compensation levels.

The MDCC regularly considers management's recommendation as to the percentage of preincentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

As part of the year-end review process the Enterprise Risk and Regulatory Compliance departments report to the MDCC on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

Control functions

Each of the control functions (Enterprise Risk, Legal & Compliance, and Internal Audit) has its own organisational structure which is independent of the business units. The head of each control function is either a member of the Global Executive Committee ("GEC"), the global management committee, or has a reporting obligation to the board of directors of BlackRock Group Limited, the parent company of all of BlackRock's EMEA regulated entities, including the Manager.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the MDCC.

Link between pay and performance

There is a clear and well-defined pay-for-performance philosophy and compensation programmes which are designed to meet the following key objectives as detailed below:

- appropriately balance BlackRock's financial results between shareholders and employees;
- attract, retain and motivate employees capable of making significant contributions to the long-term success of the business;
- align the interests of senior employees with those of shareholders by awarding BlackRock Inc.'s stock as a significant part of both annual and long-term incentive awards;
- control fixed costs by ensuring that compensation expense varies with profitability;
- link a significant portion of an employee's total compensation to the financial and operational performance of the business as well as its common stock performance;
- discourage excessive risk-taking; and
- ensure that client interests are not negatively impacted by remuneration awarded on a short-term, mid-term and/or long-term basis.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Line managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but do not pre-determine compensation outcomes. Compensation decisions remain discretionary and are made as part of the year-end compensation process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- factors relevant to an employee individually; relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);
- the management of risk within the risk profiles appropriate for BlackRock's clients;
- strategic business needs, including intentions regarding retention;
- market intelligence; and
- criticality to business.

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Remuneration practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

BlackRock operates a total compensation model for remuneration which includes a base salary, which is contractual, and a discretionary bonus scheme.

BlackRock operates an annual discretionary bonus scheme. Although all employees are eligible to be considered for a discretionary bonus, there is no contractual obligation to make any award to an employee under its discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above (under the heading "Link between pay and performance") may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion paid in BlackRock, Inc. stock and subject to additional vesting/clawback conditions. Stock awards are subject to further performance adjustment through variation in BlackRock, Inc.'s share price over the vesting period. As total annual compensation increases, a greater portion is deferred into stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the compensation package for eligible employees, including the executive officers. The portion deferred into stock vests in three equal instalments over the three years following grant.

Supplementary to the annual discretionary bonus as described above, equity awards from the "Partner Plan" and "Targeted Equity Award Plan" are made to select senior leaders to provide greater linkage with future business results. The long-term incentive awards have been established individually to provide meaningful incentive for continued performance over a multi-year period recognising the scope of the individual's role, business expertise and leadership skills.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the "BlackRock Performance Incentive Plan" ("BPIP"). Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin[1] and Organic Revenue Growth[2]. Determination of pay-out will be made based on the firm's achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where the firm's financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure across market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have "skin in the game" through significant personal investments.

Identified Staff

The UCITS Remuneration Policy sets out the process that will be applied to identify staff as Identified Staff, being categories of staff of the Manager, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages.

The list of Identified Staff will be subject to regular review, being formally reviewed in the event of, but not limited to:

- organisational changes;
- new business initiatives;
- changes in significant influence function lists;
- changes in role responsibilities; and
- revised regulatory direction.

[1] As Adjusted Operating Margin: As reported in BlackRock's external filings, reflects adjusted Operating Income divided by Total Revenue net of distribution and servicing expenses and amortisation of deferred sales commissions.
[2] Organic Revenue Growth: Equal to net new base fees plus net new Aladdin revenue generated in the year (in dollars).

Quantitative Remuneration Disclosure

The Manager is required under UCITS to make quantitative disclosures of remuneration. These disclosures are made in line with BlackRock's interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops BlackRock may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other BlackRock fund disclosures in that same year.

Disclosures are provided in relation to (a) the staff of the Manager; (b) staff who are senior management; and (c) staff who have the ability to materially affect the risk profile of the Fund.

All individuals included in the aggregated figures disclosed are rewarded in line with BlackRock's remuneration policy for their responsibilities across the relevant BlackRock business area. As all individuals have a number of areas of responsibilities, only the portion of remuneration for those individuals' services attributable to the Fund is included in the aggregate figures disclosed.

Members of staff and senior management of the Manager typically provide both UCITS and non-UCITS related services in respect of multiple funds, clients and functions of the Manager and across the broader BlackRock group. Therefore, the figures disclosed are a sum of each individual's portion of remuneration attributable to the Manager's UCITS-related business according to an objective apportionment methodology which acknowledges the multiple-service nature of the Manager. Accordingly the figures are not representative of any individual's actual remuneration or their remuneration structure.

The amount of the total remuneration awarded by the Manager to its staff which has been attributed to the Manager's UCITS-related business in respect of the Manager's financial year ending 31 December 2017 is USD 22.6m. This figure is comprised of fixed remuneration of USD 2.0m and variable remuneration of USD 20.6m. There were a total of 61 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the Manager, which has been attributed to the Manager's UCITS-related business in respect of the Manager's financial year ending 31 December 2017, to its senior management was USD 0.5m, and to other members of its staff whose actions have a material impact on the risk profile of the Fund was USD 22.1m.

Portfolio Statement

at 28 February 2018

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
EQUITIES – 97.24%;28.2.2017 97.95%			
China – 40.38%; 28.2.2017 36.33%			
43,644	Alibaba ADS (each representing 1 ordinary share)ø	5,937	4.35
1,010,000	BAIC Motorø	925	0.68
15,202	Baidu ADR (each representing 0.1 ordinary 'A' class shares)	2,751	2.01
4,906,000	Bank of China	1,929	1.41
2,907,000	BBMGø	1,028	0.75
339,500	BOC Hong Kong	1,238	0.91
8,202,000	China Construction Bank	6,162	4.51
133,000	China Longyuan Power	64	0.05
107,000	China Mobile	724	0.53
1,170,000	China Oilfield Servicesø	891	0.65
365,400	China Pacific Insurance	1,297	0.95
1,195,777	China Resources Landø	3,085	2.26
1,228,000	China Unicom	1,147	0.84
886,000	Chongqing Rural Commercial Bank	518	0.38
2,415,000	CNOOC	2,537	1.86
298,428	Deutsche Bank warrants (Han's Laser Technology Industry) 15/5/2025	1,938	1.42
475,781	Deutsche Bank warrants (Jiangsu Hengli Hydraulic) 18/5/2027	1,721	1.26
1,192,797	Deutsche Bank warrants (Shenzhen Airport) 17/3/2023	1,181	0.86
346,053	Deutsche Bank warrants (Shenzhen Inovance Technology) 28/1/2028	1,245	0.91
2,306,000	Guangshen Railway	1,096	0.80
2,136,000	Huaneng Power Internationalø	956	0.70
951,666	Li Ningø	632	0.46
6,413	NetEase ADR (each representing 25 ordinary shares)	1,372	1.00
3,908,000	PetroChina Class 'H' Shares	1,991	1.46
328,000	Ping An Insuranceø	2,525	1.85
6,561	Project Dash	241	0.18
6,305	Project Dash preference shares	232	0.17
245,700	Tencent	9,801	7.17
		55,164	**40.38**
Hong Kong – 6.95%; 28.2.2017 8.38%			
241,800	AIA	1,463	1.07
2,921	Citigroup Warrants (Hong Kong Exchanges & Clearing) 15/2/2019	77	0.06
366,500	CK Asset Holdings	2,288	1.68
1,198,237	Crystal International	907	0.66
714,000	Giordano International	254	0.19
41,566	Hong Kong Exchanges & Clearing	1,090	0.80
76,476	Melco Resorts and Entertainment ADR (each representing 3 ordinary shares)	1,520	1.11

Portfolio Statement continued

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
579,200	MGM China	1,230	0.90
954,000	SJMø	661	0.48
		9,490	**6.95**
India – 14.40%; 28.2.2017 11.52%			
69,699	Axis Bank	407	0.30
555,427	Bank of India	712	0.52
376,183	Bharat Petroleum	1,790	1.31
11,758	Fortis Healthcare	21	0.02
211,901	Godrej Industries	1,291	0.94
183,174	HDFC Standard Life Insurance	936	0.68
88,875	ICICI Lombard General Insurance	788	0.58
132,951	IndusInd Bank	2,478	1.81
37,653	J Kumar Infraprojects	133	0.10
705,533	Jindal Steel & Power	1,984	1.45
102,769	Larsen & Toubro	1,502	1.10
435,953	Mahindra & Mahindra Financial Services	2,088	1.53
794,259	NTPC	1,438	1.05
116,128	Oberoi Realty	668	0.49
92,050	SBI Life Insurance	705	0.52
351,897	Tata Motors	1,443	1.06
159,600	UPL	1,290	0.94
		19,674	**14.40**
Indonesia – 5.49%; 28.2.2017 7.11%			
2,870,300	Astra	1,218	0.89
1,288,900	Bank Central Asia	1,568	1.15
2,352,500	Bank Mandiri Persero	1,026	0.75
2,965,262	Bank Negara Indonesia	1,511	1.11
9,069,200	Bank Rakyat Indonesia	1,801	1.32
6,148,213	Cikarang Listrindo	372	0.27
		7,496	**5.49**
Malaysia – 0.46%; 28.2.2017 0.00%			
109,100	Citigroup warrants (Malaysia Airports) 15/2/2019	175	0.13
277,100	Malaysia Airports	445	0.33
		620	**0.46**
Philippines – 0.52%; 28.2.2017 1.99%			
524,390	Metropolitan Bank & Trust	**711**	**0.52**
Singapore – 0.84%; 28.2.2017 1.03%			
203,000	Keppel	888	0.65
29,389	Sea ADR (each representing 1 ordinary share)	260	0.19
		1,148	**0.84**

Holding or Nominal Value	Investment	Market Value £000's	% of Total Net Assets
South Korea – 14.76%; 28.2.2017 18.26%			
98,738	Doosan Bobcatø	2,240	1.64
37,713	Korea Aerospace Industriesø	1,266	0.93
11,980	Kumho Petro Chemical	724	0.53
10,966	LG Chemical	2,802	2.05
1,866	LG Household & Healthcare	1,369	1.00
14,235	POSCO	3,428	2.51
2,807	Samsung Electronics	4,406	3.23
1,110	Samsung Electronics preference shares	1,477	1.08
65,410	Samsung Engineeringø	698	0.51
55,532	Shinhan Financial	1,754	1.28
		20,164	**14.76**
Taiwan – 9.31%; 28.2.2017 8.36%			
107,915	Airtac International	1,419	1.04
1,215,000	Cathay Financial	1,639	1.20
24,000	Deutsche Bank warrants (Merry Electronics) 1/2/2028	114	0.08
855,000	Epistar	1,090	0.80
306,000	MediaTek	2,237	1.64
160,000	Merry Electronics	743	0.54
592,000	Nanya Technology	1,171	0.86
717,000	Taiwan Semiconductor Manufacturing	4,300	3.15
		12,713	**9.31**
Thailand – 3.32%; 28.2.2017 4.97%			
326,500	Kasikornbank	1,743	1.28
3,916,500	Land and Houses	992	0.73
138,800	Land and Houses (non-voting Depository Receipts)	35	0.02
76,400	PTT	999	0.73
58,900	PTT (Alien Market)	770	0.56
		4,539	**3.32**
United States of America – 0.81%; 28.2.2017 0.00%			
18,470	Cognizant Technology	**1,101**	**0.81**
Portfolio of investments		**132,820**	**97.24**
CASH EQUIVALENTS			
Short-term Money Market Funds – 1.77%; 28.2.2017 1.39%			
2,415,042	Institutional Cash Series plc – Institutional Sterling Liquidity Fund*	**2,415**	**1.77**
Net other assets		1,357	0.99
Total net assets		**136,592**	**100.00**

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

* Managed by a related party.

ø All or a portion of this investment represents a security on loan, see note 2(b)(iii) for further details.

Statement of Total Return

for the year ended 28 February 2018

	Notes	£000's	For the year to 28.2.2018 £000's	£000's	For the year to 28.2.2017 £000's
Income					
Net capital gains	3		11,097		15,176
Revenue	4	1,563		922	
Expenses	5	(805)		(388)	
Net revenue before taxation		758		534	
Taxation	6	(184)		(96)	
Net revenue after taxation			574		438
Total return before distributions			11,671		15,614
Distributions	7		(626)		(438)
Change in net assets attributable to unitholders from investment activities			**11,045**		**15,176**

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2018

	£000's	For the year to 28.2.2018 £000's	£000's	For the year to 28.2.2017 £000's
Opening net assets attributable to unitholders		50,506		30,762
Amounts receivable on issue of units	108,465		17,508	
Amounts payable on cancellation of units	(34,108)		(13,378)	
		74,357		4,130
Change in net assets attributable to unitholders from investment activities		11,045		15,176
Retained distribution on accumulation units		684		438
Closing net assets attributable to unitholders		**136,592**		**50,506**

Balance Sheet

at 28 February 2018

	Notes	28.2.2018 £000's	28.2.2017 £000's
Assets:			
Fixed assets			
– Investment assets		132,820	49,475
Current assets			
– Debtors	8	4,081	1,114
– Cash and bank balances		2,630	146
– Cash equivalents	9	2,415	700
Total assets		**141,946**	**51,435**
Liabilities:			
Creditors			
– Distributions payable		(12)	(4)
– Other creditors	10	(5,342)	(925)
Total liabilities		**(5,354)**	**(929)**
Net assets attributable to unitholders		**136,592**	**50,506**

G D Bamping (Director)
M T Zemek (Director)
BlackRock Fund Managers Limited
1 May 2018

Notes to Financial Statements

for the year ended 28 February 2018

1. Accounting and Distribution Policies

Accounting Policies

(a) 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.

(b) Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when the right to receive payment is established.

All distributions from Collective Investment Schemes ("CIS") are recognised when the securities are quoted ex-dividend. All distributions from holdings in CIS are treated as revenue with the exception of the equalisation element, which is treated as capital.

All revenue is recognised as a gross amount that takes account of any withholding taxes but excludes any other taxes such as attributable tax credits.

Revenue from securities lending is accounted for net of associated costs and is recognised on an accruals basis.

Bank interest is recognised on an accruals basis.

The Fund receives Manager's charge rebates from BlackRock related investments in the normal course of business. These are recognised on an accruals basis and are treated as revenue, unless it is the policy of the underlying fund to charge its fees to capital, in which case these rebates will be recognised as capital.

(c) Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the date they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is taken to capital.

(d) The underlying circumstances behind both special dividends and share buy backs are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Any tax treatment will follow the accounting treatment of the principal amount.

(e) Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Fund is required to take up some or all of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

(f) All expenses, except those relating to the purchase and sale of investments are charged against revenue. All expenses are recognised on an accruals basis.

(g) Provision for corporation tax is made at the current rate on the excess of taxable revenue over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is considered more likely than not that there will be taxable profits in the future against which the asset can be offset.

(h) The investments of the Fund have been valued at market values, defined as fair value, which is usually bid value at 12 noon on the last business day of the accounting period. In the case of an investment which is not quoted, listed or dealt in on a recognised market, or in respect of which a listed, traded or dealt price or quotation is not available at the time of valuation, the fair value of such investment shall be estimated with care and in good faith by a competent professional person, body, firm or corporation including the Manager's pricing committee and such fair value shall be determined on the basis of the probable realisation value of the investment. The Manager shall be entitled to adopt an alternative method of valuing any particular asset if it considers that the methods of valuation set out above do not provide a fair valuation of a particular asset or liability.

Investments in single priced Collective Investment Schemes have been valued at market values, defined as fair value, which is usually the latest available price at the Fund's 12 noon valuation point on the last business day of the accounting period.

(i) Any transactions in foreign currencies are translated into Sterling at the rates of exchange ruling on the date of any such transaction. Assets and liabilities in foreign currencies are translated into Sterling at the exchange rates ruling at 12 noon on the last business day of the accounting period. Revenue items in foreign currencies are translated into Sterling at the exchange rate when the revenue is received.

(j) Where appropriate, certain permitted financial instruments such as derivatives are used for efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in 'Revenue' in the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net capital gains' in the Statement of Total Return.

(k) Cash and bank balances consist of deposits held on call with banks and cash held with clearing brokers and counterparties. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Distribution Policies

(l) The ordinary element of stock dividends is treated as revenue but does not form part of the distribution.

(m) Special dividends and share buy backs recognised as revenue form part of the distribution.

(n) All of the net revenue available for distribution at the final accounting period end will be distributed to unitholders with the balance attributable to accumulation unitholders retained within the Fund. In order to conduct a controlled dividend flow to unitholders, interim distributions may be made at the Manager's discretion, up to a maximum of the distributable revenue available for the period. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

2. Financial Instruments and Risks

The Fund's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and investors should refer to the Prospectus for a more detailed discussion of the risks inherent in investing in the Fund.

Risk management framework

The Manager has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Fund is managed within the terms of its investment guidelines and limits set out in the Prospectus. The Manager reserves to itself the investment performance, product risk monitoring and oversight and the responsibility for the monitoring and oversight of regulatory and operational risk for the Fund.

The Manager has appointed a risk manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the BlackRock Risk and Quantitative Analysis Group ("RQA Group") which is a centralised group which performs an independent risk management function. The RQA Group independently identifies, measures and monitors investment risk. The RQA Group tracks the actual risk management practices being deployed across the different funds. By breaking down the components of the process, the RQA Group has the ability to determine if the appropriate risk management processes are in place for the Fund. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The principal risk exposure of the Fund is set out as follows:

a) Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. It represents the potential loss the Fund may suffer through holding market positions in the face of market movements. The Fund is exposed to market risk by virtue of its investments in equities.

A key metric the RQA Group uses to measure market risk is Value-at-Risk ("VaR") which encompasses price, currency and interest rate risk. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

The VaR calculations are based on an adjusted historical simulation model with a confidence level of 99%, a holding period of one day and a historical observation period of not less than one year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period the Fund will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk.

It is noted that the use of the VaR methodology has limitations, namely that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations and the nature of the VaR measure mean that the Fund can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one day VaR as at 28 February 2018 and 28 February 2017 based on a 99% confidence level was 2.38% and 2.22% respectively.

i) Market risk arising from foreign currency risk

Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund may invest in securities, which may be denominated in currencies other than its reporting currency.

The Fund may also invest in forward currency contracts and thus gain further exposure to foreign currency risk.

The tables below outline the Fund's exposure to foreign currency risk as at the Balance Sheet date.

28 February 2018

Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
Hong Kong dollar	46,437	–	46,437	34.00
Indian rupee	19,948	–	19,948	14.60
Indonesian rupiah	7,496	–	7,496	5.49
Malaysian ringgit	445	–	445	0.33
Philippine peso	717	–	717	0.52
Singapore dollar	888	–	888	0.65
South Korean won	20,362	–	20,362	14.91
Taiwan dollar	12,096	–	12,096	8.86
Thai baht	4,539	–	4,539	3.32
US dollar	19,873	–	19,873	14.54
Total exposure to foreign currencies	**132,801**	**–**	**132,801**	**97.22**

28 February 2017

Foreign currency exposure	Gross Foreign Currency Exposure £000's	Forward Currency Contracts £000's	Net Foreign Currency Exposure £000's	% of Net Assets
Chinese yuan renminbi	142	–	142	0.28
Hong Kong dollar	18,395	–	18,395	36.42
Indian rupee	5,836	–	5,836	11.56
Indonesian rupiah	3,590	–	3,590	7.11
Philippine peso	989	–	989	1.96
Singapore dollar	227	–	227	0.45
South Korean won	9,321	–	9,321	18.45
Taiwan dollar	4,221	–	4,221	8.36
Thai baht	2,509	–	2,509	4.97
US dollar	4,346	–	4,346	8.60
Total exposure to foreign currencies	**49,576**	**–**	**49,576**	**98.16**

Management of foreign currency risk

Foreign currency exposures are managed within parameters utilising forward currency contracts. There were no open forward currency contracts at the year end (28 February 2017: Nil).

ii) Market risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Fund is exposed to other price risk arising from its investments. The exposure of the Fund to other price risk is the market value of the investments held as shown in the portfolio statement of the Fund.

Management of other price risk

The Investment Manager manages the Fund's other price risk on a daily basis in accordance with the Fund's investment objective.

By diversifying the portfolio, where this is appropriate and consistent with the Fund's objectives, the risk that a price change of a particular investment will have a material impact on the Net Asset Value ("NAV") of the Fund is minimised. The investment concentrations within the portfolio are disclosed in the portfolio statement by investment type.

iii) Market risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund is exposed to interest rate risk on its cash and bank balances held at The Bank of New York Mellon (International) Limited and cash equivalent holdings. Cash held on deposit at The Bank of New York Mellon (International) Limited receives/incurs interest at the prevailing daily rate which may be negative depending on the currency in which the cash is held.

At 28 February 2018 and 28 February 2017, no interest bearing investments were held by the Fund, hence no interest rate risk table has been provided.

Management of interest rate risk

Interest rate risk exposure is managed by constantly monitoring the position for deviations outside a pre-determined tolerance level and, when necessary, rebalancing back to the original desired parameters.

b) Counterparty credit risk

Exposure to counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default.

Management of counterparty credit risk

Counterparty credit risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk Team. The team is headed by BlackRock's Chief Counterparty Credit Officer who reports directly to the Global Head of RQA. Credit authority resides with the Chief Counterparty Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Counterparty Credit Officer or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Counterparty Credit Officer as deemed appropriate.

BlackRock's RQA Counterparty & Concentration Risk Team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures.

The Manager maintains a list of approved counterparties. This list is regularly monitored and revised for changes based on the counterparty's creditworthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

i) Trustee and Custodian

The Fund's Trustee is BNY Mellon Trust & Depositary (UK) Limited (the "Trustee"). The Trustee has delegated the function of custodian of the property of the Fund to The Bank of New York Mellon (International) Limited (the "Custodian").

All of the investments of the Fund are held by the Custodian at year end. Investments are segregated from the assets of the Custodian, with ownership rights remaining with the Fund. Bankruptcy or insolvency of the Custodian may cause the Fund's rights with respect to its investments held by the Custodian to be delayed or limited. The maximum exposure to this risk is the total amount of equity and bond investments disclosed in the portfolio statement.

The Fund will be exposed to the credit risk of the Custodian, or any depositary used by the Trustee regarding cash balances held in accounts with same. In the event of insolvency or bankruptcy of the Custodian or any depositary used by the Trustee, the Fund will be treated as a general creditor of the Trustee.

Management of counterparty credit risk related to the Trustee and Custodian

To mitigate the Fund's credit risk with respect to the Trustee, the Investment Manager of the Fund employs specific procedures to ensure that the Trustee employed is a reputable institution and that the associated credit risk is acceptable to the Fund. The Fund only transacts with counterparties that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies.

The long term credit rating of the parent company of the Trustee and Custodian, The Bank of New York Mellon Corporation, as at 28 February 2018 was A (28 February 2017: A) (Standard & Poor's rating).

ii) Counterparties

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Counterparty credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

Management of counterparty credit risk related to Counterparties

The Manager monitors the credit rating and financial position of the brokers used to further mitigate this risk.

iii) Securities lending

The Fund engages in security lending activities which expose the Fund to counterparty credit risk. The maximum exposure to the Fund is equal to the value of the securities loaned.

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 BNY Mellon Trust & Depositary (UK) 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 (individually identified in the portfolio statement) and associated collateral received, analysed by borrowing counterparty as at the Balance Sheet date.

		28 February 2018		28 February 2017	
Counterparty	Counterparty's country of establishment	Securities on loan £000's	Collateral received £000's	Securities on loan £000's	Collateral received £000's
HSBC Bank Plc	UK	2,145	2,347	–	–
J.P.Morgan Securities Plc	UK	2,655	2,886	932	1,044
Macquarie Bank Limited	Australia	103	113	–	–
The Bank of Nova Scotia	Canada	2,364	2,644	–	–
UBS AG	Switzerland	8,477	9,434	887	988
Total		**15,744**	**17,424**	**1,819**	**2,032**

At 28 February 2018, collateral received from these borrowing counterparties comprised of 93.20% in equity securities and 6.80% in debt securities (28 February 2017, 100% in equity securities).

Collateral accepted is non-cash in the form of sovereign debt rated AA or better from approved governments only, supranational debt obligations rated AAA or better and equity securities listed on a recognised exchange.

Management of counterparty credit risk related to securities lending

To mitigate this risk, the Fund receives either cash or securities as collateral equal to a certain percentage in excess of the fair value of the securities loaned. The Investment Manager monitors the fair value of the securities loaned and additional collateral is obtained, if necessary. As at 28 February 2018 and 28 February 2017, all non-cash collateral received consists of securities admitted to or dealt on a recognised exchange.

The Fund also benefits from a borrower default indemnity provided by BlackRock Inc. The indemnity allows for full replacement of securities lent. BlackRock Inc. bears the cost of indemnification against borrower default.

c) Liquidity risk

Exposure to liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting its obligations associated with financial liabilities.

Liquidity risk to the Fund arises from the redemption requests of unitholders and the liquidity of the underlying investments the Fund is invested in. The Fund's unitholders may redeem their units on the close of any daily dealing deadline for cash equal to a proportionate share of the Fund's NAV. The Fund is therefore potentially exposed to the liquidity risk of meeting the unitholders' redemptions and may need to sell assets at prevailing market prices to meet liquidity demands.

The Fund invests primarily in companies based in the Asian emerging economies, the securities of which may, in the shorter term experience lower trading volumes and greater price volatility than securities issued by companies established in developed countries.

All non-derivative financial liabilities held by the Fund as at 28 February 2018 and 28 February 2017, based on contractual maturities, fall due within one to three months.

Management of liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands.

At times of excessive redemptions the Manager may decide to defer redemptions at any valuation point to the next valuation point where the requested aggregate redemptions exceed 10 per cent of the Fund's NAV. This will therefore allow the Manager to protect the interests of continuing unitholders by allowing the Manager to match the sale of scheme property to the level of redemptions. This should reduce the impact of dilution on the Fund. All unitholders who have sought to redeem units at any valuation point at which redemptions are deferred will be treated consistently and any redemption requests received in the meantime will not be processed until the redemption requests that have been deferred to the subsequent valuation points have been processed.

The Fund's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The portfolio managers review daily forward looking cash reports which project cash obligations. These reports allow them to manage the Fund's cash obligations.

d) Valuation of financial instruments

The Fund classifies financial instruments measured at fair value using a fair value hierarchy. The fair value hierarchy has the following categories:

Level 1 – Quoted prices for identical instruments in active markets

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Fund does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs

This category includes instruments valued using quoted prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Valuation techniques used for non-standardised financial instruments such as OTC derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity determined inputs.

Level 3 – Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation techniques used include inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager. The Investment Manager considers observable inputs to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below is an analysis of the Fund's investment assets and investment liabilities measured at fair value at the Balance Sheet date.

	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
28 February 2018				
Investment assets	132,820	–	–	**132,820**
Investment liabilities	–	–	–	**–**
28 February 2017				
Investment assets	49,475	–	–	**49,475**
Investment liabilities	–	–	–	**–**

e) Global exposure

The Manager is required by the COLL Sourcebook to employ a risk management process in respect of the Fund which enables it to accurately monitor and manage the global exposure from Financial Derivative Instruments ("FDIs").

The Manager uses a methodology known as the Commitment Approach in order to measure the global exposure of the Fund. The Commitment Approach is a methodology that aggregates the underlying market or notional values of FDIs to determine the degree of global exposure of the Fund to FDIs.

In accordance with the COLL Sourcebook, global exposure for a fund utilising the Commitment Approach must not exceed 100% of the Fund's NAV. The calculation of global exposure represents only one element of the Fund's risk management process and in that respect the Manager will continue to report VaR as a market risk measure to the Board of Directors.

The Fund did not hold any FDIs at 28 February 2018 and 28 February 2017.

3. Net Capital Gains

	For the year to 28.2.2018 £000's	For the year to 28.2.2017 £000's
The net capital gains comprise:		
Gains on non-derivative securities	8,892	15,255
Gains/(losses) on derivative securities	2,296	(4)
Currency losses	(66)	(46)
Custodian transaction costs	(42)	(29)
Custodian transaction costs rebate#	17	–
Net capital gains	**11,097**	**15,176**

4. Revenue

	For the year to 28.2.2018 £000's	For the year to 28.2.2017 £000's
Interest from UK bank deposits	1	–
Overseas dividends	1,539	915
Revenue from short-term money market funds	5	2
Securities lending revenue	12	4
Stock dividends	6	1
Total revenue	**1,563**	**922**

5. Expenses

	For the year to 28.2.2018 £000's	For the year to 28.2.2017 £000's
Payable to the Manager or associates of the Manager:		
– Manager's charge	627	315
– Expense rebate due from the Manager#	–	(15)
– Registrar's fees	130	62
	757	362
Other expenses:		
– Audit fee	7	7
– Legal and other professional fees	6	–
– Safe custody fees	18	14
– Trustee's fees	17	5
	48	26
Total expenses	**805**	**388**

The Fund received rebates from the Manager to ensure the operating charges do not exceed 1.73%, 0.98% and 0.78% for A Accumulation Units, D Accumulation Units and Z class Units respectively.

6. Taxation

(a) Analysis of tax charge

	For the year to 28.2.2018 £000's	For the year to 28.2.2017 £000's
Overseas tax	184	96
Total tax charge [see note 6(b)]	**184**	**96**

(b) Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an authorised unit trust. The differences are explained below:

	For the year to 28.2.2018 £000's	For the year to 28.2.2017 £000's
Net revenue before taxation	758	534
Corporation tax at 20% (28 February 2017: 20%)	152	107
Effects of:		
Excess expenses for which no tax relief taken	154	76
Overseas tax	184	96
Revenue not subject to tax	(306)	(183)
Total tax charge [see note 6(a)]	**184**	**96**

At 28 February 2018, the Fund had surplus management expenses of £1,941,000 (28 February 2017: £1,171,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, a deferred tax asset of £388,000 (28 February 2017: £234,000) has not been recognised.

7. Distributions

	For the year to 28.2.2018 £000's	For the year to 28.2.2017 £000's
Interim distribution	797	367
Final distribution	33	73
	830	440
Add: Amounts deducted on cancellation of units	40	29
Less: Amounts received on issue of units	(244)	(31)
Distributions	**626**	**438**
The distributable amount has been calculated as follows:		
Net revenue after taxation	574	438
Add: Custodian transaction costs rebate	17	–
Add: Shortfall transfer to capital	41	1
Less: Non distributable stock dividends	(6)	(1)
Distributions	**626**	**438**

Details of the interim and final distributions per unit are set out in the tables on page 11.

8. Debtors

	28.2.2018 £000's	28.2.2017 £000's
Accrued revenue	261	120
Amounts receivable for issue of units	494	577
Currency sales awaiting settlement	2,209	185
Expense rebate due from the Manager	32	15
Sales awaiting settlement	1,085	217
Total debtors	**4,081**	**1,114**

9. Cash Equivalents

	28.2.2018 £000's	28.2.2017 £000's
Investment in short-term money market funds	2,415	700
Total cash equivalents	**2,415**	**700**

10. Other Creditors

	28.2.2018 £000's	28.2.2017 £000's
Accrued Audit fee	6	7
Accrued FCA fee	1	1
Accrued Manager's charge	141	58
Accrued Registrar's fee	59	23
Accrued Safe custody fees	–	6
Accrued Trustee's fee	3	1
Amounts payable for cancellation of units	286	510
Currency purchases awaiting settlement	2,208	185
Custodian transaction costs	10	15
Purchases awaiting settlement	2,628	119
Total other creditors	**5,342**	**925**

11. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the Balance Sheet date (28 February 2017: Nil).

12. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following entities were related parties of the Fund during the year ended 28 February 2018:

Manager/Registrar:	BlackRock Fund Managers Limited
Investment Manager:	BlackRock Investment Management (UK) Limited
Investment Adviser:	BlackRock Asset Management North Asia Limited
Securities lending agent:	BlackRock Advisors (UK) Limited

The ultimate holding company of the Manager, Registrar, Investment Manager, Investment Adviser and securities lending agent is BlackRock Inc. ("BlackRock"), a company incorporated in Delaware, USA. PNC Financial Services Group Inc. ("PNC") is a substantial shareholder in BlackRock Inc. PNC did not provide any services to the Fund during the years ended 28 February 2018 and 28 February 2017.

The Manager acts as either principal or agent for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid through cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and note 7. Any amounts due to or from the Manager at the year end are disclosed in notes 8 and 10. Management fees and registration fees paid to the Manager are shown in note 5. The balances due at the year end in respect of these fees are shown in note 10. Securities lending revenue earned by the Fund is disclosed in note 4.

For holdings in Institutional Cash Series plc ("ICS"), there will be no initial charges or redemption charges payable on investments in the Fund, however, duties and charges may apply. ICS will be subject to fees and expenses which may include fixed management fees, performance fees, administration fees and custodial fees.

12. Related Parties continued

The Fund's investments in other BlackRock related party entities are individually identified in the portfolio statement.

At 28 February 2018 and 28 February 2017, none of the unitholders:

(i) are funds managed by the BlackRock Group or are affiliates of BlackRock Inc. or

(ii) are investors, other than those included in (i) above, who held 51% or more of the voting units in issue in the Fund and are as a result, considered to be related parties to the Fund.

All related party transactions were carried out at arm's length in the ordinary course of business. The terms and returns received by the related parties in making the investments above were no more favourable than those received by other investors investing into the same unit class.

13. Portfolio Transaction Costs

For the year ended 28 February 2018

		Direct Transaction Costs			
Purchases (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	109,831	101	0.09	67	0.06
Total purchases	**109,831**	**101**		**67**	
Total purchases including transaction costs	**109,999**				

		Direct Transaction Costs			
Sales (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	40,394	44	0.11	64	0.16
Total sales	**40,394**	**44**		**64**	
Total sales net of transaction costs	**40,286**				
Derivative transaction costs		**25**		**4**	
Total transaction costs		**170**		**135**	
Total transaction costs as a % of average net assets		**0.19%**		**0.15%**	

13. Portfolio Transaction Costs continued

For the year ended 28 February 2017

		Direct Transaction Costs			
Purchases (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	23,846	46	0.19	11	0.05
Total purchases	**23,846**	**46**		**11**	
Total purchases including transaction costs	**23,903**				

		Direct Transaction Costs			
Sales (excluding derivatives)	**Transaction Value £000's**	**Commissions £000's**	**%**	**Taxes £000's**	**%**
Equity instruments	19,415	25	0.13	29	0.15
Total sales	**19,415**	**25**		**29**	
Total sales net of transaction costs	**19,361**				
Total transaction costs		**71**		**40**	
Total transaction costs as a % of average net assets		**0.17%**		**0.10%**	

The above analysis covers direct transaction costs incurred by the Fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

Separately identifiable direct transaction costs (such as commissions and taxes) are attributable to the Fund's purchase and sale of equity instruments. Additionally, for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be incurred on purchase and sale transactions.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.15% (28 February 2017: 0.21%).

14. Units in Issue

The movement in units in issue for the year ended 28 February 2018 is as follows:

	A Accumulation Units	D Accumulation Units	Z Income Units	Z Accumulation Units
Balance at the beginning of the year	312,482	31,019,124	1,520,480	83,499
Issued during the year	319,746	31,638,428	15,055,175	25,358,335
Cancelled during the year	(112,971)	(19,515,034)	(665,967)	(577,155)
Converted during the year	(22,723)	(45,830)	–	86,449
Balance at the end of the year	**496,534**	**43,096,688**	**15,909,688**	**24,951,128**

Revenue is allocated each day pro rata to the capital value of assets attributable to each class and taxation is computed by reference to the net revenue after expenses attributable to each class. The distribution per unit class is given in the distribution table. All unit classes have the same rights on winding up.

15. Post Balance Sheet Events

There have been no significant events subsequent to the year end, which, in the opinion of the Manager, may have had an impact on the financial statements for the year ended 28 February 2018.

Statement of Manager's Responsibilities

The Manager is required by the rules of the COLL Sourcebook to prepare the financial statements for each financial year. These financial statements must be prepared in accordance with generally accepted accounting standards in the United Kingdom to give a true and fair view of the state of affairs of the Fund at the year end and of the net revenue and net gains for the year.

The financial statements should comply with the disclosure requirements of the Statement of Recommended Practice (the "SORP") for Authorised Funds issued by the Investment Management Association (subsequently The Investment Association) and must comply with any relevant provisions of the Trust Deed.

The Manager is responsible for keeping such accounting records as are necessary to enable it to ensure that the financial statements comply with the COLL Sourcebook, the SORP and the Trust Deed.

Statement of the Trustee's Responsibilities in Respect of the Fund and Report of the Trustee to the Unitholders of the Fund for the Year Ended 28 February 2018

The Depositary in its capacity as Trustee of the Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Trustee is responsible for the safekeeping of all the custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Fund, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents of the Fund; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Fund in accordance with the Regulations and the Scheme documents of the Fund.

BNY Mellon Trust & Depositary (UK) Limited

London
1 May 2018

Building a better working world

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

Tel: +44 131 777 2000
Fax: +44 131 777 2001
ey.com

Independent Auditor's Report to the Unitholders of BlackRock Asia Fund

Opinion

We have audited the financial statements of BlackRock Asia Fund ("the Fund") for the year ended 28 February 2018 which comprise the Statement of Total Return and Statement of Changes in Net Assets Attributable to Unitholders together with the Balance Sheet, the accounting policies of the Fund, the related notes and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 28 February 2018 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the unitholders of the fund, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the unitholders of the fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the unitholders of the fund as a body, for our audit work, for this report, or for the opinions we have formed.

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

Tel: +44 131 777 2000
Fax: +44 131 777 2001
ey.com

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The manager is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Trust Deed;
- the information given in the manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

Ernst & Young LLP
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Fax: +44 131 777 2001
ey.com

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the manager

As explained more fully in the manager's responsibilities statement set out on page 40, the manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the manager is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Ernst & Young LLP
Statutory Auditor

Edinburgh
1 May 2018

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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 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 Prospectus, as amended from time to time, and the ESMA Guidelines, such as repurchase / reverse repurchase transactions ("repo transactions") and securities lending.

Securities Lending

The total value of securities on loan as a proportion of the Fund's NAV and total lendable assets, as at the Balance Sheet date, is 11.53% and 17.16% respectively.

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.

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. Income earned during the year by the Fund from securities lending transactions is disclosed in the notes to the financial statements.

The value of securities on loan and associated collateral analysed by counterparty, as at 28 February 2018, is disclosed in the notes to the financial statements.

All securities on loan have an open maturity tenor as they are recallable 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 cash and underlying non-cash collateral received by way of title transfer collateral arrangement by the Fund, in respect of securities lending transactions, as at 28 February 2018.

Currency	Non-cash collateral received
	£000's
Securities lending transactions	
AUD	146
CAD	115
CHF	111
CNY	2,480
DKK	283
EUR	2,834
GBP	3,453
HKD	724
JPY	1,831
NOK	10
SEK	169
SGD	254
USD	5,014
Total	**17,424**

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

Supplementary Information continued

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions, as at 28 February 2018.

Collateral type and quality	Maturity Tenor 8 - 30 days	31 - 90 days	91 - 365 days	More than 365 days	Open transactions	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Collateral received – securities lending						
Fixed Income						
Investment grade	26	2	159	997	–	1,184
Equities						
Recognised equity index	–	–	–	–	16,002	16,002
ETFs						
UCITS	–	–	–	–	238	238
Total	**26**	**2**	**159**	**997**	**16,240**	**17,424**

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 28 February 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 28 February 2018.

Issuer	Value	% of the Fund's NAV
	£000's	
UK Government	605	0.44
China Construction Bank Corp	604	0.44
US Treasury	438	0.32
Exxon Mobil Corp	418	0.31
Splunk Inc	392	0.29
HSBC Holdings PLC	384	0.28
Weibo	361	0.27
Banco Santander SA	351	0.26
Toyota Motor Corp	279	0.20
Industrial and Commercial Bank of China	265	0.19
Other	13,327	9.76
Total	**17,424**	**12.76**

No securities collateral received from a single issuer, in relation to efficient portfolio management, has exceeded 20% of the Fund's NAV at the year end date.

The Fund has not been fully collateralised in securities issued or guaranteed by an EU member state at the year end date.

About us

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Through BlackRock Solutions®, the firm offers risk management and advisory services that combine capital markets expertise with proprietarily-developed analytics, systems, and technology. Through BlackRock Solutions, the Firm provides risk management and enterprise investment services for over 200 clients.

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