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BlackRock

BlackRock Greater Europe Investment Trust plc

Annual Report and Financial Statements 31 August 2020

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Financial highlights

447.00p

Ordinary share price

+18.0%[1,2,3]

459.97p

NAV per ordinary share

+16.9%[2,3]

£387.9m

Net assets

6.15p

Total dividends

+5.1%

1.4%[3]

Yield

Percentage comparisons are year-on-year against 31 August 2019.

1 Mid-market.

2 Performance figures are calculated in sterling terms with dividends reinvested.

3 Alternative Performance Measure. See Glossary on pages 104 to 106.

Why BlackRock Greater Europe Investment Trust plc?

Investment objective

The Company's objective is the achievement of capital growth, primarily through investment in a focused portfolio constructed from a combination of the securities of large, mid and small capitalisation European companies, together with some investment in the developing markets of Europe.

The Company will have the flexibility to invest in any country included in the FTSE World Europe ex UK Index, as well as the freedom to invest in developing countries not included in the Index but considered by the Manager and the Directors as part of greater Europe.

Reasons to invest

Conviction

A concentrated portfolio focusing on the best-ideas existing within the European Equity Market. Not constrained by market cap, sub-sector or region, the Portfolio Managers can invest across the breadth of the European market, composing a portfolio of 30-45 investment ideas which are deemed to be the best investment ideas.

Long-term focus

Looking through the daily noise which impacts the market for the best long-term opportunities. We wish to be owners of companies, not traders of shares. We look to align ourselves with the best management teams in the region which we believe have the ability to create value for shareholders over the long term.

Risk Aware

The portfolio is concentrated but highly risk aware. The Portfolio Managers aim to ensure risk and returns are diversified by end market exposures. We work closely with our partners in the BlackRock Risk and Quantitative Analysis group to ensure that portfolio risk is deliberate, diversified and scaled.

Personnel

The Company benefits from two leading teams within BlackRock's Fundamental Equity division. The 19-strong European Equity team, as well as a further seven analysts focusing on Emerging Europe from the Global Emerging Markets team.

Differentiated Opportunity

Investing in Emerging Europe offers the Company the ability to identify attractively valued businesses operating within faster growing economies often delivering highly attractive growth in cash flows and dividends. This provides diversification to the portfolio and balances with the higher quality developed European approach.

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The Association of Investment Companies

A member of the Association of Investment Companies

Further details about the Company, including the latest annual and half yearly financial reports, fact sheets and stock exchange announcements, are available on the website at blackrock.com/uk/brge

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Performance record

	As at 31 August 2020	As at 31 August 2019
Net assets (£'000)[1]	387,861	338,442
Net asset value per ordinary share (pence)	459.97	399.52
Ordinary share price (mid-market) (pence)	447.00	385.00
Discount to cum income net asset value[2]	2.8%	3.6%
FTSE World Europe ex UK Index	1467.97	1457.46

	For the year ended 31 August 2020	For the year ended 31 August 2019
Performance (with dividends reinvested)		
Net asset value per share[2]	16.9%	6.3%
Ordinary share price[2]	18.0%	7.9%
FTSE World Europe ex UK Index	0.7%	4.8%

	For the year ended 31 August 2020	For the year ended 31 August 2019	Change %
Revenue			
Net profit after taxation (£'000)	5,776	4,160	+38.8
Revenue profit per ordinary share (pence)	6.85	4.87	+40.7
Dividends (pence)			
Interim dividend	1.75	1.75	0.0
Final dividend	4.40	4.10	+7.3
Total dividends paid/payable	6.15	5.85	+5.1

Source: BlackRock.

[1] The change in net assets reflects the buyback of shares into treasury, market movements and dividends paid.

[2] Alternative Performance Measures, see Glossary on pages 104 to 106.

Performance over the ten years to 31 August 2020

Sources: BlackRock and Datastream.
Performance with dividends reinvested in sterling terms, rebased to 100 at 1 September 2010.

Chairman's statement

Dear Shareholder

Eric Sanderson
Chairman

COVID-19

The past few months have been quite extraordinary as COVID-19 has affected markets around the world and how we as a Board have adjusted our mode of operation, just as people in all walks of life have been forced to do. I refer below to the challenges posed by the current pandemic and to the arrangements for this year's Annual General Meeting. Since March your Board has met regularly but all meetings have been held by video conference. It is very important in these difficult times that the Board remains closely in touch with your Manager and this we have done. Your Portfolio Managers should be commended on the truly excellent performance that has been delivered in such difficult circumstances.

Performance overview

It is pleasing to report that during the year to 31 August 2020 the Company's net asset value per share (NAV) returned 16.9%, outperforming its reference index, the FTSE World Europe ex UK Index, which returned 0.7%. The Company's share price returned 18.0% over the same period. (All percentages calculated in sterling terms with dividends reinvested.) This is a remarkable achievement given that for part of the financial year our Portfolio Managers have had to navigate unprecedented global economic and social upheaval following the outbreak of the COVID-19 pandemic.

Despite a promising start to the year, with all-time highs in global equities in February 2020, the COVID-19 pandemic, compounded by a slump in the oil price, sent stock markets plummeting. The pandemic led to countries adopting varying degrees of social distancing, self-quarantine and lockdown measures which severely curtailed economic activity in most countries. However, the unprecedented policy response, with significant fiscal and monetary stimulus, has played an important part in markets rebounding from their March lows. Central banks have committed to keeping rates low, enabling fiscal expansion, and economies are slowly restarting, albeit at different paces.

Since the financial year end and up to close of business on 21 October 2020, the Company's NAV has increased by 6.1% compared with a rise in the FTSE World Europe ex UK Index of 0.3% over the same period.

Revenue earnings and dividends

The Company's revenue return per share for the year ended 31 August 2020 amounted to 6.85p per share, which compares with 4.87p per share for the previous year, an increase of 40.7%. A fall in dividend income, reflecting the challenges faced by many portfolio companies struggling to pay dividends during the COVID-19

The €750 billion European Recovery Fund agreed by EU leaders in July is a step towards a more resilient European Union and an exceptional response to temporary but extreme circumstances. The European Recovery Fund should be supportive of a more robust economy and monetary union and is a significant step in the right direction.

crisis, has been offset by the positive outcome on a tax ruling in relation to overseas dividends, which is explained below.

In April the Board declared an interim dividend of 1.75p per share (2019: 1.75p). The Board is proposing the payment of a final dividend of 4.40p per share for the year (2019: 4.10p). This, together with the interim dividend, makes a total dividend for the year of 6.15p per share (2019: 5.85p), an increase of 5.1%.

Subject to shareholder approval, the dividend will be paid on 9 December 2020 to shareholders on the Company's register on 30 October 2020, the ex-dividend date being 29 October 2020.

Prudential Assurance Company Limited vs HMRC

In 2003 The Prudential Assurance Company Limited filed a case against HM Revenue & Customs (HMRC) on the treatment of foreign sourced dividends. The litigation concerned the tax treatment of UK-resident companies (including investment funds) that received dividends from portfolio shareholdings in non-UK companies. It had previously been settled that the UK dividend tax regime that applied to portfolio dividends prior to 2009 was contrary to EU law, as UK dividends were not subject to tax whereas non-UK dividends were taxable.

On 25 July 2018 the UK Supreme Court handed down its judgement in the Prudential case, ruling (inter alia) that non-UK dividends remained taxable, but that credit should be given for the underlying foreign tax at the foreign nominal corporate income tax rate of the source country. In June 2020 the Company received correspondence from HMRC accepting that the Company was entitled to claim double tax relief in relation to underlying tax suffered on dividends received from non-UK companies in a number of past accounting periods. As the Board was advised that the receipt of a repayment in respect of these amounts was sufficiently probable to merit recognition in the Company's NAV, it was announced on 11 June 2020 that an asset had been reflected in the Company's NAV in respect of these claims. The cumulative impact of the FII GLO reclaim (reflecting both the expected tax refund and release of a related provision in the accounts), including interest received, is £2,713,683. As the original tax expense was debited to the revenue column of the income statement, the benefit of this recovery has been credited to the revenue column of the income statement and has resulted in an uplift of 3.22p per share to the Company's revenue earnings per share for the year ended 31 August 2020. Subsequently, on 29 June 2020, the Company received the corporation tax refund including interest. More information is given in note 7 on page 81.

Discount control

The Board recognises the importance to investors that the market price of the Company's shares should not trade at a significant discount to the underlying NAV. Accordingly, the Board monitors the Company's discount to NAV and will look to buyback shares and/or operate six monthly tender offers in normal market conditions if it is deemed to be in the interests of shareholders as a whole.

As reported in the Half Yearly Financial Report, the Directors exercised their discretion not to operate the half yearly tender offers in November 2019 and May 2020, and it was announced on 15 September 2020 that the Board had decided not to implement a semi-annual tender offer in November 2020. Over the six-month period to 31 August 2020, the average discount to NAV (cum income) was 4.6%. The Board therefore concluded that it was not in the interests of shareholders as a whole to implement the latest semi-annual tender offer.

During the year the Company bought back 390,000 ordinary shares in the market at a total cost of £1,506,000. As the COVID-19 pandemic took hold and market conditions deteriorated during March, the Company's share price fell sharply and the discount briefly widened to 13.2% before rapidly narrowing again. No further shares have been purchased since the year end, up to and including the date of this report. All repurchased shares have been placed in treasury.

Resolutions to renew the Company's semi-annual tender offers and share buyback authorities will be put to shareholders at the forthcoming Annual General Meeting.

Outlook

The impact of COVID-19 is unpredictable and we are now contemplating an economic downturn of unknown scale and duration. The market falls in March and April were indiscriminate, only to be followed by a dramatic rally, and we anticipate continued volatility for European equities and the broader market. The €750 billion European Recovery Fund agreed by EU leaders in July is a step towards a more resilient European Union and an exceptional response to temporary but extreme circumstances. The European Recovery Fund should be supportive of a more robust economy and monetary union and is a significant step in the right direction.

The Board has maintained a regular dialogue with our Portfolio Managers to monitor the resilience of the Company's portfolio in these extraordinary times. The investment team is very experienced and has a wide range of resources dedicated to the European universe. Our Portfolio Managers will continue to focus on well-capitalised companies with strong balance sheets and quality growth investment opportunities which have served us well during the year under review.

Annual General Meeting (AGM)

The AGM of the Company will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 1 December 2020 at 12 noon. Shareholders will not be able to attend the AGM whilst current restrictions in relation to the COVID-19 pandemic are in force and they are therefore advised to submit their votes by proxy. If the current restrictions remain in force, the only attendees who will be permitted entry to the meeting will be those who will need to be present to form the quorum to allow the business to be conducted. Shareholders are encouraged to check the Company's website at www.blackrock.com/uk/brge for updates to the AGM arrangements as changes may well be required to comply with new guidance and/or Government measures.

Eric Sanderson
Chairman
22 October 2020

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Investment manager's report

Stefan Gries

Sam Vecht

Overview

The Company enjoyed positive performance over the period with a share price increase of 18.0% and underlying NAV increase of 16.9% in the year ended 31 August 2020. By way of comparison, the FTSE World Europe ex UK Index gained 0.7% over the same period. All performance returns are in sterling terms with dividends reinvested.

The year ended 31 August 2020 saw unprecedented levels of uncertainty, dominated by a trade war between the world's two largest economies, the US and China, as well as a global pandemic which led to a shutdown of many economies across the world. While news flow around the US-China trade war quietened down with the signing of a Phase I trade agreement between both countries in January, renewed optimism was sadly met by the COVID-19 crisis which posed a significant challenge for global risk assets.

As we now know, the nature and scale of the disruption has been unprecedented. That being said, from relatively early in the crisis our analysis led us to feel optimistic about the recovery potential of the global economy given the absence of the underlying economic imbalances that typically accompany longer lasting recessions and bear markets. In our view the 2020 downturn was politically induced, driven by the mostly popular decisions by governments to prioritise public health over the economy. The scale of the fiscal response also reassured us that economies would not suffer large scale or permanent demand destruction outside of a few specific industries. Estimates from McKinsey suggest that European governments have allocated circa US$4 trillion to mitigate the impacts of the economic shutdowns and, as a percentage of Gross Domestic Product, Germany,

New holding Atlas Copco's compressors, vacuum solutions, generators, pumps, power tools and assembly systems are used by customers in more than 180 countries. We value Atlas Copco as one of the most attractive industrial businesses in our investment universe.

PHOTO COURTESY OF ATLAS COPCO

Large market sell-offs like the one experienced in March also afford patient investors opportunities to initiate positions in world-class businesses

France and the UK are spending roughly 10 times more than they did during the 2008 global financial crisis (Source: McKinsey & Company, based on IMF data, June 2020).

Portfolio

Despite this extraordinary level of fiscal and monetary support it is also clear that this volatile financial market episode posed a severe test to any investment philosophy. For us it required a heightened focus on maintaining our long-term approach to investing, thinking like business owners and long-term stewards of our clients' capital. While there was an atmosphere of panic amongst some market commentators, we were able to lean on our investment process: focusing on well-run businesses with a clearly articulated strategy, high returns on capital, strong free cash-flow generation and options to deploy capital into growth projects at attractive returns. Whilst this process leads us to businesses which are fundamentally durable and resilient, we had to endure a certain degree of loss tolerance in the short term: maintaining positions in many of our world leading more cyclical businesses and avoiding the temptation of reacting to short-term market gyrations by positioning the portfolio more defensively.

Ultimately, we believe this approach creates the greatest amount of value for our clients over the long term, which is why we made few changes to the general composition of the portfolio during the period aside from opportunistically adding to some of our highest conviction ideas at compelling valuations.

Large market sell-offs like the one experienced in March also affords patient investors opportunities to initiate positions in world-class businesses such as Atlas Copco, which we see as one of the most attractive industrial businesses in our investment universe. The company sells mission critical components such as compressors used in petrochemical and processing plants and vacuum pumps used in the production of semi-conductor chips and equipment. Its expanding base of installed equipment supports the company's aftermarket and services business which gives a high level of growing recurring revenues. Overall, the company generates high returns on capital, is extremely cash generative and has a net cash balance sheet, which means it is a perfect fit for this portfolio.

Reflecting upon how our portfolio companies performed during the last twelve months, we would categorise our holdings in three broad clusters: those most directly impacted by lockdowns and travel restrictions; those which proved their resilience through the skilful stewardship of their management teams; and finally those which have become direct beneficiaries of the pandemic.

The first category includes some of the Company's largest detractors over the past year. These include aerospace holding Safran and travel technology company Amadeus IT Group, which both suffered due to widespread travel bans. We thoroughly examined these companies' balance sheets and cashflows and engaged extensively with their management teams. Even with the postponement of engine deliveries and a reduction in scope within the maintenance business we believed that Safran had sufficient balance sheet headroom and cost levers to pull to get through this difficult period and beyond, particularly since the heavy investment phase in their new LEAP engine is behind them. Management have also proven extraordinarily proactive in reducing costs. In the long term we expect air travel to remain a growing industry supplied by an oligopoly of engine-makers, which should allow for durable value creation when traffic patterns start to normalise.

Amadeus IT Group, which provides IT infrastructure solutions for airlines, travel agents and hotels, was severely impacted by the sudden stop in economic activity. The company took swift action to right size its cost base and to secure a strong balance sheet position. Given its technology leadership, the company has taken market share in this downturn, winning new airlines as well as expanding the product offering to existing clients. Its unique capabilities in air traffic disruption management and ticket changing have proven particularly popular in this context.

Overall, we consider both Safran and Amadeus IT Group as good examples of businesses that should come out of this crisis with stronger market positions by capitalising on the weaker competitive position of their main peers.

Two of our emerging European holdings, Bank Pekao and Alpha Bank, saw share prices directly impacted by the crisis as yield curves flattened and investors priced in a credit loss cycle equivalent in scale to the global financial crisis in 2008/09. In our mind, this thesis will likely prove too pessimistic given government support schemes for small and medium sized businesses across Europe. Further, regulation following 2008/09 ensured that banks now have stronger capital positions to survive these challenging market conditions.

These detractors to portfolio returns were more than offset by companies which were able to prove their resilience, many as a result of strong execution by company management teams. Evaluating management

We believe that global transport and logistics specialist DSV Panalpina is under the control of one of the best management teams in any industry in Europe.

PHOTO COURTESY OF DSV PANALPINA

capabilities has long been a core pillar of our stock selection process. While one can assess management quality in various ways, we would suggest that scrutinising an executive's ability to operate effectively during the largest economic contraction since World War II proves a formidable test in itself.

In our mind, DSV Panalpina, one of the global leaders in freight forwarding and logistics, constitutes a prime example of strong operational execution. We believe DSV Panalpina has one of the best management teams in any industry across Europe, with an exceptional track record in creating value by successfully deploying capital through acquisitions. This was evidenced further in a recent meeting with management which revealed that newly integrated Panalpina increased volumes in DSV's German operations by 50% with no net additions in costs. Overall, DSV Panalpina managed to increase operating profits during the second quarter by 63% versus the same period last year by over-delivering on deal related cost synergies and via capturing higher air yields from freight planes that came with their Swiss acquiree. These results not only significantly surpassed market expectations but they are all the more impressive when held against the backdrop of one of the worst periods for global trade volumes we are likely to experience in our careers.

Royal Unibrew, a company which operates in very different end markets to DSV Panalpina, also benefited from its management team's excellent stewardship during the period. The brewing and beverage company's decentralised organisational structure brings them closer to their end customers and allows local management to identify trends for products, brands, packaging and consumption and to react quickly to newly emerging opportunities. This is crucial in an industry shaped by changing consumer preferences and we believe played a significant role in Royal Unibrew being able to reinstate full year 2020 guidance in June 2020, the first beverage company to do so.

A relentless focus on meeting and exceeding customer requirements has also benefited Sika, one of the global leaders in the development and production of specialty chemicals used in large construction and infrastructure projects. The company's focus on research and development (R&D) and product innovation make them an indispensable partner to their customers, which in turn allows for a healthy degree of pricing power, crucial in an environment where many investors expected a sharp contraction in demand for its products. As we have learnt since, global construction spend has been one of the few income streams that has shown great resilience and is considered an end market poised to benefit from future stimulus programmes, a trend which has already started to materialise in Sika's numbers.

Not for the first time, ASML was among the Company's top performance contributors for the year. This company dominates its market segment through R&D leadership and unmatched product innovation. ASML is the global leader in cutting edge photolithography systems used in the semiconductor industry. Their Extreme Ultra-Violet machine tools business has amassed a US$10.5 billion order backlog, which means these machines are now sold out until the middle of 2021. At times we like to refer to businesses like ASML as 'order book' companies, as its tools play such an integral part in the technology roadmap of clients like

TSMC and Samsung that a decision to delay or cancel an order potentially has multi-year strategic implications. This is why ASML has managed to weather this crisis well and why we continue to see a long runway of growth, benefiting from structural tailwinds such as data centre investments, artificial intelligence and cloud computing.

Another beneficiary of this trend towards digitalisation is Netcompany Group, a provider of information technology solutions and consultancy services. Founder run, we believe this is an exceptionally well-managed company with a strong value creating culture. Rather impressively, customer demand during the crisis remained virtually unchanged with the company maintaining its target of 18-20% organic sales growth for 2020. For us this was the result of many customers continuing to prioritise digitalisation investments and the company executing strongly by servicing clients from remote locations. Netcompany Group benefited further from its diverse client base across the financial, telecommunication, retail, energy and industrial sectors, as well as governments and municipalities.

Overall, we see the group's end markets offering attractive growth opportunities for many years to come.

The final grouping of companies that warrant comment are those which directly benefited from the pandemic. Our long-standing position in contract drug manufacturer Lonza Group was amongst the top performers over the past year. Its unrivalled market position was highlighted yet again during a recent conversation with the chairman where we learnt that practically all of Lonza Group's global manufacturing capacity is sold out. This reflects the strong demand it enjoys in the production of biological drugs, as well as in the development of gene therapy and vaccines. The operational performance of the business remains strong, as impressive cost control coupled with the potential disposal of non-core special ingredients assets leaves investors with a highly attractive investment proposition of long duration growth in earnings and cashflows.

Within the same sector, a position in in vitro diagnostics company DiaSorin contributed equally strongly as it benefited from the crisis due to its role in developing antibody tests for COVID-19. The Italian company develops and manufactures reagents for in vitro diagnostics and creates products for a variety of tests in fields including infectious disease, hepatitis, endocrinology, therapeutic drug monitoring and autoimmunity. The last few months have helped the group raise its profile among US hospital groups since both speed of development as well as accuracy of its COVID-19 tests compare favourably to its much larger US peers, which in itself bodes well for future opportunities to generate new business in a large and attractive market.

For this Company, portfolio construction remains purposefully designed to tap into a diverse range of end markets and income streams, from consumer goods to the construction industry, to trade related companies, and technology capex. Overall, we follow a high conviction approach that seeks to deliver a diversified stream of alpha for our shareholders, which makes it pleasing to see those diverse sources of performance in portfolio returns for the year.

Drug manufacturer Lonza was amongst the top performers over the past year. Strong demand means practically all of the Group's global manufacturing capacity is sold out.

PHOTO COURTESY OF LONZA

In vitro diagnostics firm DiaSorin contributed strongly, benefiting from its role in developing antibody tests for COVID-19.

PHOTO COURTESY OF DIASORIN

Outlook

As active investors, we have never believed a positive view on the European economy to be a prerequisite for attractive equity returns in the region. In our mind, the European market remains home to many exceptional businesses that have and will continue to provide compelling investment opportunities regardless of the wider economic outlook.

That being said, we find ourselves today feeling more optimistic about the outlook for Europe than we have done in many years. The newly established European Recovery Fund marks a structural change in the outlook for Europe and provides a facility for a cohesive response to all future crises. While the Eurozone does not appear en route towards full fiscal union, it is taking a significant step towards stronger fiscal co-ordination when it matters. In our view, this deal sets a precedent. The EU issues debt in a crisis, which is why we expect some common fiscal response to play a greater role in future crises as well.

As far as this €750 billion European Recovery Fund is concerned, we expect it to direct spending, focused on the periphery, towards a green and digital transition, which should not only lend support to countries most severely hit by the crisis but it also offers the potential to make the region more competitive in a global context over time. We see interest free grants providing necessary incentives for conducting pro-growth reforms. The overall benefit of such actions should be most acutely felt in smaller countries in Emerging Europe, which is a designated part of the investment universe of this Company.

Finally, while a material improvement for the region's economic and political stability and outlook, one should refrain from considering these latest developments as a tide that lifts all boats in European equity markets. Structural challenges are likely to remain in some industries and we believe investors will be best served by staying selective. Consequently, we continue to focus rigorously on taking an active approach to stock selection for this Company by identifying and investing in companies with superior business models, strong management teams and growth prospects that enable them to earn an attractive spread over their cost of capital. We believe these wealth creating businesses are the key to delivering strong shareholder returns over the long term.

Stefan Gries and Sam Vecht
BlackRock Investment Management (UK) Limited
22 October 2020

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Portfolio

Global construction spend has been one of the few income streams that has shown great resilience, a trend evident in the performance of chemicals specialist Sika, the largest holding in our portfolio.

PHOTO COURTESY OF SIKA


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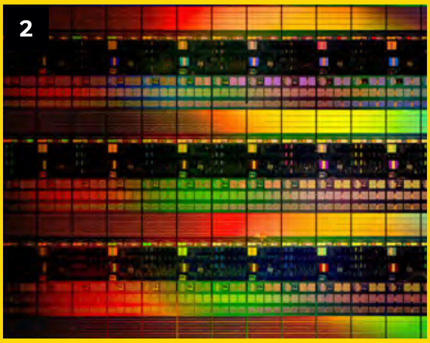
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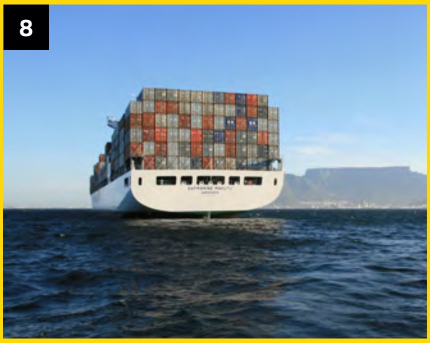
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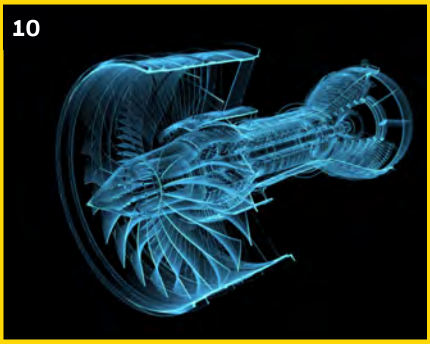
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Ten largest investments

1 ▲ **Sika** (2019: 5th)

Industrial company

Market value: £24,804,000
Share of investments: 6.0%

A speciality chemical company with a leading position in both construction chemicals and in bonding agents for the automotive industry. Sika has proprietary technology within adhesives, which has an increasing array of applications as technology advances. Last year's acquisition of rival Parex allowed Sika to realise cost synergies through optimising its production footprint and through enhanced direct distribution channels.

2 ▲ **ASML** (2019: 10th)

Technology company

Market value: £24,722,000
Share of investments: 6.0%

A Dutch company which specialises in the supply of photolithography systems for the semiconductor industry. The company is at the forefront of technological change and invests in leading research and development to capture the structural growth opportunity supported by growth in mobile devices and microchip components. The high barriers to entry within the industry give ASML a protected position with strong pricing power allowing growth in margins whilst they continue to innovate. The company has strong management who aim to create long-term value for the business whilst returning excess cash to shareholders.

Ten largest investments

continued

3 ▶ SAP (2019: 3rd)

Technology company

Market value: £23,741,000
Share of investments: 5.8%

One of the leading global enterprise software providers. Its S4/Hana software and database solution appears a 'must own' product for a large existing client base in need of enhanced data analytics capabilities. In our view the company is one of Europe's best defensive assets, with an enviable starting position of more than 75% of total worldwide transaction revenue having a touchpoint with an SAP system. Further, customers' transitions to cloud based software improves the resiliency of the earnings and cash flows and we expect recurring revenue to amount to 70-75% of group sales by year-end and continue to grow in the next few years.

4 ▲ Lonza Group (2019: 7th)

Health care company

Market value: £21,621,000
Share of investments: 5.3%

A Swiss biotechnology and speciality chemicals group. Lonza Group has established itself as one of the leading contract-manufacturers of high-end biological drugs, as well as cell and gene therapy. Overall, we see those end markets growing at double digit rates well into 2025 and beyond, which leaves Lonza Group well placed to deliver attractive growth in earnings and cashflows regardless of the prevailing macro-economic environment.

5 ▲ Kering (2019: 27th)

Consumer services company

Market value: £21,256,000
Share of investments: 5.2%

A French luxury group owning brands such as Gucci, Yves Saint Laurent and Bottega Veneta. We believe Kering is one of the winners in a 'winner takes all' market given the strength and resilience of its brands. This position is cemented by its best in class e-commerce offering, which in combination with a rejuvenated product portfolio, has enabled Kering to capture the imagination of global millennials. We believe Kering remains an extremely well-positioned company with a strong balance sheet that offers optionality for both increased shareholder returns as well as value accretive deals.

6 ▼ Novo Nordisk (2019: 1st)

Health care company

Market value: £20,976,000
Share of investments: 5.1%

A Danish multinational pharmaceutical company which is a leader in diabetes care. We expect growth in earnings and cashflows driven by demand for 'Ozempic' which treats Diabetes type 2. Overall, we believe Novo Nordisk offers attractive long-term growth potential at high returns and sector leading cash flow conversion, with any excess in cash being returned to shareholders.

7 ▼ Royal Unibrew (2019: 6th)

Consumer goods company

Market value: £20,531,000
Share of investments: 5.0%

A brewing and beverage company based in Denmark. Through a number of well-timed acquisitions, the group has transformed itself into a multi-beverage company offering attractive growth in soft drink niches at high returns with significant potential to export their brands with strong European heritage into International markets.

8 ▲ DSV Panalpina (2019: n/a)

Industrial company

Market value: £18,798,000
Share of investments: 4.6%

A Danish freight forwarding company with a strong acquisitive history. Their success in making acquisitions has been facilitated by their strong technology platform which drives operational efficiencies leading to high conversion margins. In 2019 DSV took over Swiss peer Panalpina in its largest ever acquisition which they have been integrating successfully.

9 ▶ RELX (2019: 9th)

Consumer services company

Market value: £16,467,000
Share of investments: 4.0%

A multinational information and analytics company which has high barriers to entry in most of its divisions, including scientific publishing. The capital light business model allows for a high rate of cash flow conversion with repeatable revenues built on subscription-based models. The business also benefits from the structurally increasing usage of data globally, which supports their data analytics business.

10 ▲ Hexagon (2019: 18th)

Technology company

Market value: £14,236,000
Share of investments: 3.5%

An industrial and software conglomerate. The business specialises in the provision of geo-mapping and monitoring software and sensors, as well as plant management and automation systems. Its products have applications in diverse end markets including smart phones, mining automation, construction surveying and agriculture optimisation.

All percentages reflect the value of the holding as a percentage of total investments.
Together, the ten largest investments represent 50.5% of the Company's portfolio (31 August 2019: 52.8%).

Investments

as at 31 August 2020

	Country of operation	Market value £'000	% of investments
Technology			
ASML	Netherlands	24,722	6.0
SAP	Germany	23,741	5.8
Hexagon	Sweden	14,236	3.5
Netcompany Group	Denmark	10,108	2.5
BE Semiconductor	Netherlands	8,697	2.1
Infineon Technologies	Germany	7,995	1.9
Dassault Systèmes	France	6,467	1.6
Adyen	Netherlands	5,986	1.5
Amadeus IT Group	Spain	4,420	1.1
		106,372	**26.0**
Industrials			
Sika	Switzerland	24,804	6.0
DSV Panalpina	Denmark	18,798	4.6
Safran	France	13,873	3.4
Kingspan	Ireland	9,014	2.2
Atlas Copco	Sweden	8,949	2.2
		75,438	**18.4**
Health Care			
Lonza Group	Switzerland	21,621	5.3
Novo Nordisk	Denmark	20,976	5.1
Straumann Holding	Switzerland	9,317	2.3
Chr. Hansen	Denmark	7,673	1.9
DiaSorin	Italy	6,850	1.7
Grifols	Spain	5,595	1.3
		72,032	**17.6**
Consumer Goods			
Royal Unibrew	Denmark	20,531	5.0
Adidas	Germany	8,945	2.2
Ferrari	Italy	8,109	2.0
Hermes International	France	8,019	1.9
		45,604	**11.1**
Consumer Services			
Kering	France	21,256	5.2
RELX	United Kingdom	16,467	4.0
		37,723	**9.2**

Investments

continued

	Country of operation	Market value £'000	% of investments
Financials			
FinecoBank	Italy	9,340	2.3
KBC Groep	Belgium	9,223	2.3
Sberbank	Russia	7,015	1.7
Partners Group	Switzerland	4,805	1.2
Bank Pekao	Poland	3,348	0.8
Alpha Bank	Greece	1,025	0.2
		34,756	**8.5**
Oil & Gas			
Neste OYJ	Finland	9,460	2.3
Lukoil	Russia	6,089	1.5
		15,549	**3.8**
Basic Materials			
IMCD	Netherlands	10,282	2.5
ICL Group	Israel	4,153	1.0
		14,435	**3.5**
Telecommunications			
Bezeq – Israeli Telecommunication	Israel	6,893	1.7
Veon Ltd	Russia	1,000	0.2
		7,893	**1.9**
Total investments		**409,802**	**100.0**

All investments are in ordinary shares unless otherwise stated. The total number of investments held at 31 August 2020 was 38 (31 August 2019: 33).

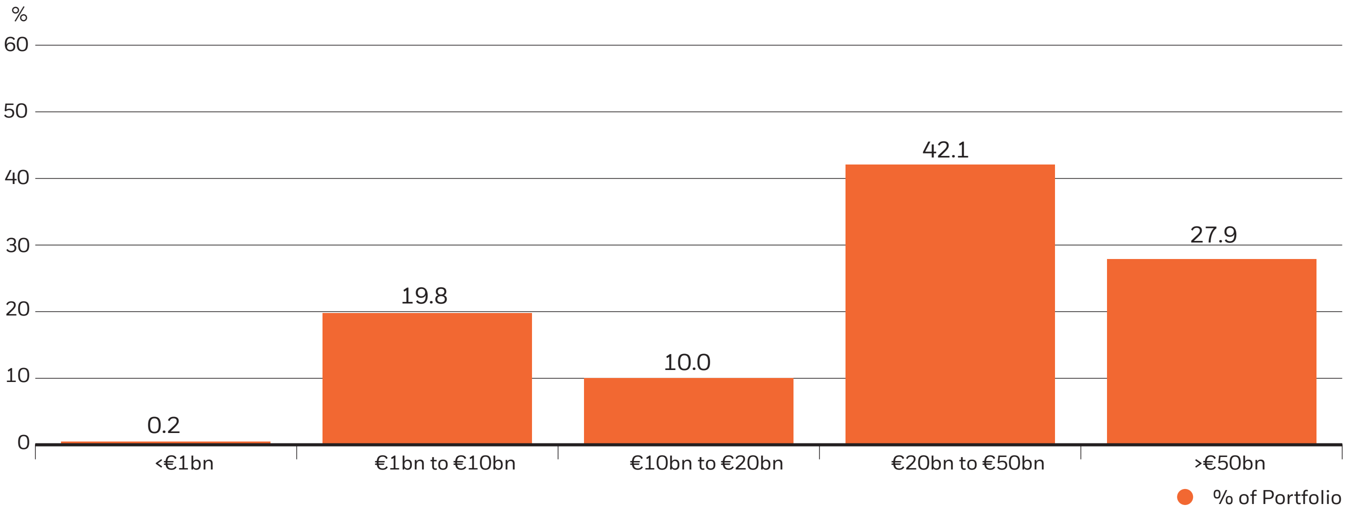
Industry classifications in the table above are based on the Industrial Classification Benchmark standard for categorisation of companies by industry and sector.

As at 31 August 2020, the Company did not hold any equity interests comprising more than 3% of any company's share capital.

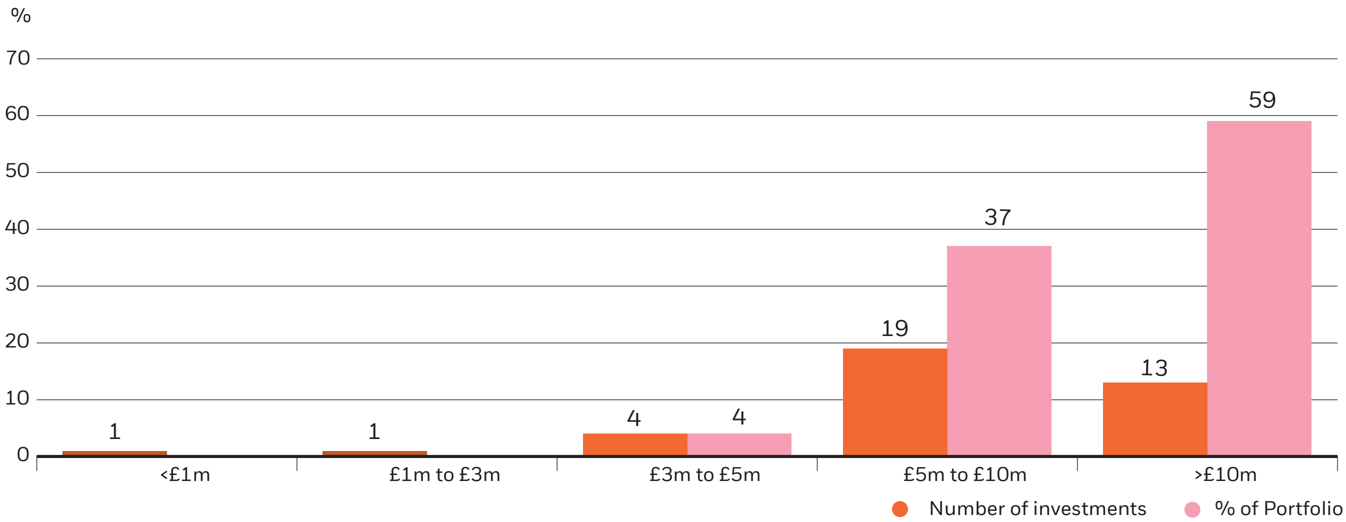
Investment exposure

as at 31 August 2020

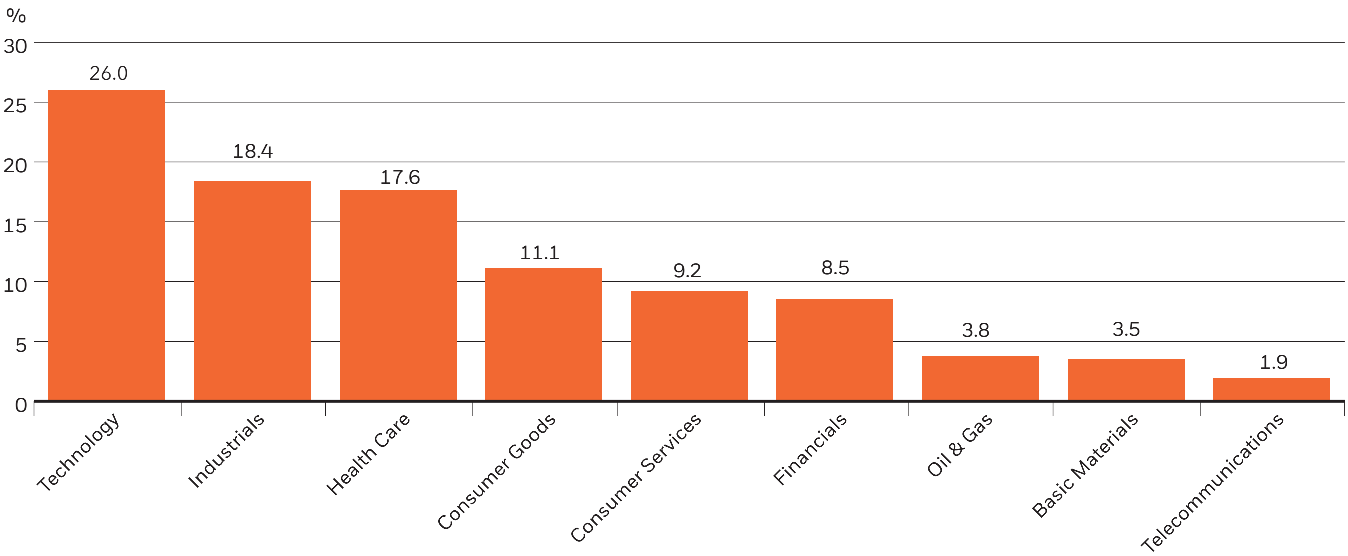
Market Capitalisation



Investment size



Distribution of investments



Source: BlackRock.


DRAIN

Contents

Governance

Aerospace holding Safran faced significant challenges brought on by widespread travel bans. We believe the company will emerge from this crisis with a stronger market position by capitalising on the weaker competitive position of its peers.

PHOTO COURTESY OF SAFRAN

Governance structure

Responsibility for good governance lies with the Board. The governance framework of the Company reflects the fact that as an investment company the Company has no employees, the Directors are all non-executive and the investment management and administration functions are outsourced to the Manager and other external service providers.

The Board

5 full scheduled meetings each year

Four non-executive Directors (NEDs), all independent of the Manager

Chairman: Eric Sanderson

Objectives:
- To determine the Company's strategy including investment policy and investment guidelines;
- To provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed and the Company's assets to be safeguarded;
- To challenge constructively and scrutinise performance of all outsourced activities; and
- To determine the Company's remuneration policy.

Audit and management engagement committee

2 scheduled meetings each year

Membership: All NEDs

Chairman: Peter Baxter

Key objectives:
- To oversee financial reporting;
- To consider the adequacy of the control environment and review the Company's risk register;
- To review the reporting of the auditors and form an opinion on the effectiveness of the external audit process;
- To review the provisions relating to whistleblowing and fraud;
- To ensure that the provisions of the investment management agreement follow industry practice, remain competitive and are in the best interests of shareholders;
- To review the performance of the Manager and Investment Manager; and
- To review other service providers.

Nomination committee

1 scheduled meeting each year

Membership: All NEDs

Key objectives:
- To review regularly the Board's structure and composition;
- To be responsible for the Board's succession planning; and
- To make recommendations for any new appointments.

Contents

Directors' biographies

Eric Sanderson
Chairman (since November 2016)
Appointed as a Director April 2013

is a chartered accountant and a banker and was chief executive of British Linen Bank from 1989 to 1997 and a member of the management board of Bank of Scotland in his role as head of group treasury operations from 1997 to 1999. He was formerly chairman of MyTravel Group PLC, MWB Group Holdings and Dunedin Fund Managers Limited. He is presently chairman of Schroder UK Mid Cap Fund plc.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 2/2

Peter Baxter
Audit and Management Engagement Committee Chairman (since November 2016)
Appointed as a Director April 2015

has over 30 years' experience in the investment management industry. He is an executive director of Snowball Impact Management Ltd, a social impact investment organisation, a non-executive director of Civitas Social Housing plc, and a trustee of Trust for London, and was a member of the Financial Reporting Council's Conduct Committee. Previously he was chief executive of Old Mutual Asset Managers (UK) Ltd, and worked for Schroders and Hill Samuel in a variety of investment roles.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 2/2

Davina Curling
Appointed December 2011

has over 25 years' experience of investment management and was managing director and head of Pan European Equities at Russell Investments. Prior to this she was head of European Equities at F&C, ISIS, Royal & SunAlliance and Nikko Capital Management (UK). She is also a non-executive director of Invesco Income Growth Trust plc and Henderson Opportunities Trust plc and a member of the St James's Place Wealth Management Investment Committee.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 2/2

Paola Subacchi
Appointed July 2017

is an economist, writer and commentator on the functioning and governance of the international financial and monetary system. She is Professor of International Economics and Chair of the Advisory Board, Global Policy Institute, Queen Mary University of London, visiting professor at the University of Bologna, non-executive director of Scottish Mortgage Investment Trust PLC, as well as Founder of Essential Economics Ltd. She writes regularly on Project Syndicate.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 2/2

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company and will be available at the Annual General Meeting.

Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 August 2020. The aim of the Strategic Report is to provide shareholders with the information to assess how the Directors have performed their duty to promote the success of the Company for the collective benefit of shareholders.

The Chairman's Statement together with the Investment Manager's Report form part of this Strategic Report. The Strategic Report was approved by the Board at its meeting on 22 October 2020.

Principal activity

The Company carries on business as an investment trust and has a premium listing on the London Stock Exchange. Its principal activity is portfolio investment. Investment trusts are pooled investment vehicles which allow exposure to a diversified range of assets through a single investment, thus spreading investment risk.

Objective

The Company's objective is the achievement of capital growth, primarily through investment in a focused portfolio constructed from a combination of the securities of large, mid and small capitalisation European companies, together with some investment in the developing markets of Europe. The Company will also have the flexibility to invest in any country included in the FTSE World Europe ex UK Index, as well as the freedom to invest in developing countries not included in the Index but considered by the Manager and the Directors as part of greater Europe.

Strategy, business model and investment policy

The Company invests in accordance with the objective given above. The Board is collectively responsible to shareholders for the long-term success of the Company and is its governing body. There is a clear division of responsibility between the Board and BlackRock Fund Managers Limited (the Manager). Matters reserved for the Board include setting the Company's strategy, including its investment objective and policy, setting limits on gearing, capital structure, governance, and appointing and monitoring of performance of service providers, including the Manager.

Business model

The Company's business model follows that of an externally managed investment trust. Therefore, the Company does not have any employees and outsources its activities to third party service providers including the Manager, who is the principal service provider. In accordance with the Alternative Investment Fund Managers' Directive (AIFMD) the Company is an Alternative Investment Fund (AIF). BlackRock Fund Managers Limited is the Company's Alternative Investment Fund Manager.

The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager who in turn (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK) or the Investment Manager). The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

The Company delegates fund accounting services to BIM (UK), which in turn sub-delegates these services to The Bank of New York Mellon (International) Limited (BNYM). Other service providers include the Depositary (also BNYM) and the Registrar, Computershare Investor Services PLC. Details of the contractual terms with the Manager and the Depositary and more details of sub-delegation arrangements in place governing custody services are set out in the Directors' Report.

Investment policy

The Company's policy is that the portfolio should consist of approximately 30-70 securities and the majority of the portfolio will be invested in larger capitalisation companies, being companies with a market capitalisation of over €5 billion. Up to 25% of the portfolio may be invested in companies in developing Europe. The Company may also invest up to 5% of the portfolio in unquoted investments. However, overall exposure to developing European companies and unquoted investments will not in aggregate exceed 25% of the Company's portfolio.

As at 31 August 2020, the Company held 38 investments and 4.2% of the portfolio was invested in developing Europe. The Company had no unquoted investments.

Investment in developing European securities may be either direct or through other funds, including those managed by BlackRock Fund Managers Limited, subject to a maximum of 15% of the portfolio. Direct investment in Russia is limited to 10% of the Company's assets. Investments may also include depositary receipts or similar instruments representing underlying securities.

The Company also has the flexibility to invest up to 20% of the portfolio in debt securities, such as convertible bonds and corporate bonds. No bonds were held at 31 August 2020. The use of any derivative instruments such as financial futures, options and warrants and the entering into of stock lending arrangements will only be for the purposes of efficient portfolio management.

While the Company may hold shares in other investment companies (including investment trusts), the Board has agreed that the Company will not invest more than 15%, in aggregate, of its gross assets in other listed closed-ended investment funds (save to the extent that such closed-ended investment funds have published investment policies to invest no more than 15% of their total assets in such other listed closed-ended investment funds).

Strategic report
continued

The Company achieves an appropriate spread of risk by investing in a diversified portfolio of securities.

The Investment Manager believes that appropriate use of gearing can add value over time. This gearing typically is in the form of an overdraft facility which can be repaid at any time. The level and benefit of any gearing is discussed and agreed regularly by the Board. The Investment Manager generally aims to be fully invested and it is anticipated that gearing will not exceed 15% of net asset value (NAV) at the time of drawdown of the relevant borrowings. At the balance sheet date, the Company had net gearing of 5.7% (2019: 0.7%).

Investment process

The Investment Manager takes a bottom-up approach to investing, meaning companies are analysed on an individual basis upon a number of qualitative and quantitative measures. Research is comprehensive and collaborative, backed by a team of 19 European Equity analysts and a further seven Emerging European analysts who conduct over 1,200 company meetings a year.

Idea generation is the first step of the investment process and important in ensuring that there is a continuous flow of new ideas entering the team's proprietary research process. There is a structured approach to research, a dedicated research coordinator, and a formal research pipeline to ensure that efficient use is made of team resources and to prioritise research to take advantage of the most promising investment opportunities.

As part of their research, the analyst will conduct a thorough industry and company analysis using a range of valuation techniques depending on the company and sector. Time is spent analysing a company's market dynamics, revenue drivers, financial statements, valuations and risks to the central scenario. The team also seek to understand the factors that influence a share price, as well as what the market is anticipating or missing.

As part of the company analysis, the analyst completes a proprietary research template which has been designed to capture all data relevant to the investment case in a concise and consistent framework. This consistency drives focus on debate and discussion and helps to ensure the investment case is robust.

Research on each company belongs to the analyst, however, portfolio construction and investment decisions within the Company are entirely the responsibility of the Investment Manager. Primary investment criteria the Investment Manager looks for includes:

- Quality management
- Strong free cash flow conversion
- Options to invest in growth
- Unique aspects

This focus on sustainable cash returns and unique franchises should help concentrate the portfolio towards the best ideas delivered by the European and Emerging European Equity teams and drive positive outcomes for our clients.

Performance

In the year to 31 August 2020, the Company's NAV per share returned 16.9% (compared with a return in the FTSE World Europe ex UK Index of 0.7%) and the share price returned 18.0% (all percentages calculated in sterling terms with dividends reinvested). The Investment Manager's Report includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

Results and dividends

The results for the Company are set out in the Income Statement in the Financial Statements. The total profit for the year, after taxation, was £55,862,000 (2019: £18,993,000) which is reflected in the increase in the net asset value of the Company. The revenue return amounted to £5,776,000 (2019: £4,160,000) and relates to net revenue earnings from dividends received during the year after adjusting for expenses, as well as the positive outcome on a tax ruling relating to overseas dividends.

As explained in the Company's Half Yearly Financial Report, the Directors declared an interim dividend of 1.75p per share (2019: 1.75p). The Directors recommend the payment of a final dividend of 4.40p per share, making a total dividend of 6.15p per share (2019: 5.85p). Subject to approval at the forthcoming Annual General Meeting, the dividend will be paid on 9 December 2020 to shareholders on the register of members at the close of business on 30 October 2020.

Future prospects

The Board's main focus is to achieve capital growth. The future performance of the Company is dependent upon the success of the investment strategy and, to a large extent, on the performance of financial markets. The outlook for the Company is discussed in both the Chairman's Statement and Investment Manager's Report.

Social, community and human rights issues

As an investment trust with no employees, the Company has no direct social or community responsibilities or impact on the environment. However, the Directors believe that it is in shareholders' interests to consider human rights issues and environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on pages 55 and 56.

Modern Slavery Act

As an investment vehicle, the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Directors, gender representation and employees

The Directors of the Company on 31 August 2020, all of whom held office throughout the year, are set out in the Directors' Biographies on pages 25 and 26. The Board consists of two male Directors and two female Directors. The Company's policy on diversity is set out on page 53. The Company does not have any executive employees.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) used to measure the progress and performance of the Company over time and which are comparable to other investment trusts are set out below. As indicated in the footnote to the table, some of these KPIs fall within the definition of 'Alternative Performance Measures' under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary on pages 104 to 106.

Additionally, the Board regularly reviews the performance of the portfolio, as well as the net asset value and share price of the Company and compares this against various companies and indices. The Company does not have a benchmark. However, the Board reviews performance and ongoing charges against a peer group of European investment trusts and open-ended funds, as well as the FTSE World Europe ex UK Index.

	As at 31 August 2020	As at 31 August 2019
Net asset value per share	459.97p	399.52p
Net asset value total return[1, 2]	+16.9%	+6.3%
Share price	447.00p	385.00p
Share price total return[1, 2]	+18.0%	+7.9%
Discount to net asset value[2]	2.8%	3.6%
Revenue return per share	6.85p	4.87p
Ongoing charges[2, 3]	1.01%	1.08%

[1] This measures the Company's share price and NAV total return, which assumes dividends paid by the Company have been reinvested.

[2] Alternative Performance Measures, see Glossary on pages 104 to 106.

[3] Ongoing charges represent the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items, as a % of average daily net assets.

Principal risks

The Company is exposed to a variety of risks and uncertainties. As required by the 2018 UK Corporate Governance Code (the UK Code), the Board has put in place a robust ongoing process to identify, assess and monitor the principal risks and emerging risks facing the Company. A core element of this process is the Company's risk register which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the quality of controls operating to mitigate it. A residual risk rating is then calculated for each risk based on the outcome of the assessment.

The risk register, its method of preparation and the operation of key controls in BlackRock's and third-party service providers' systems of internal control, are reviewed on a regular basis by the Audit and Management Engagement Committee. In order to gain a more comprehensive understanding of BlackRock's and other third party service providers' risk management processes and how these apply to the Company's business, BlackRock's internal audit department provides an annual presentation to the Audit Committee chairmen of the BlackRock investment trusts setting out the results of testing performed in relation to BlackRock's internal control processes. The Audit and Management Engagement Committee also periodically receives and reviews internal control reports from BlackRock and the Company's service providers.

The Board has undertaken a robust assessment of both the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The COVID-19 pandemic has given rise to unprecedented challenges for businesses across the globe and the Board has taken into consideration the risks posed to the Company by the crisis and incorporated these into the Company's risk register. The risks identified by the Board have been described in the table that follows, together with an explanation of how they are managed and mitigated. Emerging risks are considered by the Board as they come into view and are incorporated into the existing review of the Company's risk register. Additionally, the Manager considers emerging risks in numerous forums and the Risk and Quantitative Analysis team produces an annual risk survey. Any material risks of relevance to the Company identified through the annual risk survey will be communicated to the Board.

The Board will continue to assess these risks on an ongoing basis. In relation to the UK Code, the Board is confident that the procedures that the Company has put in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the reporting period.

The principal risks and uncertainties faced by the Company during the financial year, together with the potential effects, controls and mitigating factors are set out in the following table.

Strategic report
continued

Principal risk	Mitigation/Control
Counterparty	
The potential loss that the Company could incur if a counterparty is unable (or unwilling) to perform on its commitments.	Due diligence is undertaken before contracts are entered into and exposures are diversified across a number of counterparties. The Depositary is liable for restitution for the loss of financial instruments held in custody unless able to demonstrate the loss was a result of an event beyond its reasonable control.
Investment performance	
The returns achieved are reliant primarily upon the performance of the portfolio. The Board is responsible for: • deciding the investment strategy to fulfil the Company's objective; and • monitoring the performance of the Investment Manager and the implementation of the investment strategy. An inappropriate investment policy may lead to: • underperformance compared to the reference index; • a reduction or permanent loss of capital; and • dissatisfied shareholders and reputational damage.	To manage this risk the Board: • regularly reviews the Company's investment mandate and long-term strategy; • has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on; • receives from the Investment Manager a regular explanation of stock selection decisions, portfolio exposure, gearing and any changes in gearing and the rationale for the composition of the investment portfolio; • monitors and maintains an adequate spread of investments in order to minimise the risks associated with particular countries or factors specific to particular sectors, based on the diversification requirements inherent in the investment policy; • receives and reviews regular reports showing an analysis of the Company's performance against the FTSE World Europe ex UK Index and other similar indices; and • has been assured that the Investment Manager has training and development programmes in place for its employees and its recruitment and remuneration packages are developed in order to retain key staff.
Legal and regulatory compliance	
The Company has been approved by HM Revenue & Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions, and operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio. In such event, the investment returns of the Company may be adversely affected. Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings, or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010. Amongst other relevant laws, the Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers' Directive, the UK Listing Rules, Disclosure Guidance and Transparency Rules and Market Abuse Regulation.	The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of proposed dividends to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached. The results are reported to the Board at each meeting. Compliance with the accounting rules affecting investment trusts are also carefully and regularly monitored. The Company Secretary, Manager and the Company's professional advisers provide regular reports to the Board in respect of compliance with all applicable rules and regulations. The Board and the Manager also monitor changes in government policy and legislation which may have an impact on the Company.

Principal risk	Mitigation/Control
Market	
Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through realising investments in the face of negative market movements. Changes in general economic and market conditions, such as currency exchange rates, interest rates, rates of inflation, industry conditions, tax laws, political events and trends, including the impact of the UK leaving the EU, can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price. Market risk includes the potential impact of events which are outside the Company's control, such as the COVID-19 pandemic.	The Board considers the diversification of the portfolio, asset allocation, stock selection, and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager. The Board also recognises the benefits of a closed-end fund structure in extremely volatile markets such as those experienced with the COVID-19 pandemic. Unlike open-ended counterparts, closed-end funds are not obliged to sell-down portfolio holdings at low valuations to meet liquidity requirements for redemptions. During times of elevated volatility and market stress, the ability of a closed-end fund structure to remain invested for the long term enables the Portfolio Managers to adhere to disciplined fundamental analysis from a bottom-up perspective and be ready to respond to dislocations in the market as opportunities present themselves.
Operational	
In common with most other investment trust companies, the Company has no employees. The Company therefore relies on the services provided by third parties and is dependent on the control systems of the Manager, the Depositary, Custodian and Fund Accountant, which maintains the Company's assets, dealing procedures and accounting records. The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of these other third-party service providers. There is a risk that a major disaster, such as floods, fire, a global pandemic, or terrorist activity, renders the Company's service providers unable to conduct business at normal operating effectiveness. Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records (including cyber security risk) could prevent the accurate reporting and monitoring of the Company's financial position.	Due diligence is undertaken before contracts are entered into with third-party service providers. Thereafter, the performance of the provider is subject to regular review and reported to the Board. The Board reviews on a regular basis an assessment of the fraud risks that the Company could potentially be exposed to and also a summary of the controls put in place by the Manager, Depositary, Custodian, Fund Accountant and Registrar specifically to mitigate these risks. Most third-party service providers produce internal control reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants. These reports are provided to the Audit and Management Engagement Committee for review. The Committee would seek further representations from service providers if not satisfied with the effectiveness of their control environment. The Company's assets are subject to a strict liability regime and, in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control. The Board reviews the overall performance of the Manager, Investment Manager and all other third-party service providers on a regular basis and compliance with the Investment Management Agreement annually. The Board also considers the business continuity arrangements of the Company's key service providers on an ongoing basis and reviews these as part of its review of the Company's risk register. In respect of the unprecedented and emerging risks posed by the COVID-19 pandemic in terms of the ability of service providers to function effectively, the Board has received reports from key service providers setting out the measures that they have put in place to address the crisis, in addition to their existing business continuity framework. Having considered these arrangements and reviewed service levels since the crisis has evolved, the Board are confident that a good level of service has and will be maintained.

Strategic report
continued

Principal risk	Mitigation/Control
Financial	
The Company's investment activities expose it to a variety of financial risks which include market risk, counterparty credit risk, liquidity risk and the valuation of financial instruments.	Details of these risks are disclosed in note 15 to the Financial Statements, together with a summary of the policies for managing these risks.
Marketing	
Marketing efforts are inadequate or do not comply with relevant regulatory requirements. There is a failure to communicate adequately with shareholders or reach out to potential new shareholders resulting in reduced demand for the Company's shares and a widening of the discount.	The Board reviews marketing strategy and initiatives and the Manager is required to provide regular updates on progress. BlackRock has a dedicated investment trust sales team visiting both existing and potential clients on a regular basis. Data on client meetings and issues raised are provided to the Board on a regular basis. All investment trust marketing documents are subject to appropriate review and authorisation.

Viability statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve months referred to by the 'Going Concern' guidelines.

The Board is cognisant of the uncertainty surrounding the potential duration of the COVID-19 pandemic, its impact on the global economy and the prospects for many of the Company's portfolio holdings. Notwithstanding this crisis, and given the factors stated below, the Board expects the Company to continue for the foreseeable future and has therefore conducted this review for a period of three years. This is generally the investment holding period investors consider while investing in the European sector.

In its assessment of the viability of the Company, the Directors have noted that:

- the Company invests predominantly in highly liquid, large listed companies so its assets are readily realisable;
- the Company has limited gearing and no concerns around facilities, headroom or covenants;
- the Company's forecasts for revenues, expenses and liabilities are relatively stable and it has largely fixed overheads which comprise a small percentage of net assets (1.01%); and
- the business model should remain attractive for much longer than three years, unless there is significant economic or regulatory change.

The Directors have also reviewed:

- the impact of a significant fall in European equity markets on the value of the Company's investment portfolio, factoring in the impact of the recent volatility related to the COVID-19 pandemic;
- the ongoing relevance of the Company's investment objective, business model and investment policy in the current environment; and
- the level of demand for the Company's shares.

The Board has also considered a number of other factors, including:

- portfolio liquidity in light of the COVID-19 pandemic on global market liquidity. As at 21 October 2020, 97.7% of the portfolio was estimated as being capable of being liquidated within 3 days;
- the Company's revenue and expense forecasts in light of the COVID-19 pandemic and its anticipated impact on dividend income and market valuations. The Board is confident that the Company's business model remains viable and that there are sufficient resources to meet all liabilities as they fall due for the period under review;
- the Company's borrowing facility and considers that the Company continues to meet its financial covenants in respect of this facility;
- the principal risks and uncertainties as set out above and is confident that the Company has appropriate controls and processes in place to manage these and to maintain its operating model, even given the challenges posed by COVID-19;
- the operational resilience of the Company and its key service providers and their ability to continue to provide a good level of service for the foreseeable future;
- the effectiveness of business continuity plans in place for the Company and key service providers; and
- the level of income generated by the Company and future income forecasts.

Based on the results of their analysis, the Directors have concluded that there is a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due over the period of their assessment.

Section 172 statement: promoting the success of the Company

New regulations (The Companies (Miscellaneous Reporting) Regulations 2018) require directors of large companies to explain more fully how they have discharged their duties under section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of members as a whole. This includes the likely consequences of their decisions in the longer term and how they have taken wider stakeholders' needs into account.

The enhanced disclosure that follows covers how the Board has engaged with and understands the views of stakeholders and how stakeholders' needs have been taken into account, the outcome of this engagement and the impact that it has had on the Board's decisions. The Board considers the main stakeholders in the Company to be the Manager, Investment Manager and the shareholders. In addition to this, the Board considers investee companies and key service providers of the Company to be stakeholders; the latter comprise the Company's Custodian, Depositary, Registrar and Broker.

Stakeholders

Shareholders	Manager and Investment Manager	Other key service providers	Investee companies
Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy. The Board is focused on fostering good working relationships with shareholders and on understanding the views of shareholders in order to incorporate them into the Board's strategy and objectives in delivering long-term capital growth.	The Board's main working relationship is with the Manager, who is responsible for the Company's portfolio management (including asset allocation, stock and sector selection) and risk management, as well as ancillary functions such as administration, secretarial, accounting and marketing services. The Manager has sub-delegated portfolio management to the Investment Manager. Successful management of shareholders' assets by the Investment Manager is critical for the Company to successfully deliver its investment strategy and meet its objective. The Company is also reliant on the Manager as AIFM to provide support in meeting relevant regulatory obligations under the AIFMD and other relevant legislation.	In order for the Company to function as an investment trust with a listing on the premium segment of the official list of the FCA and trade on the London Stock Exchange's (LSE) main market for listed securities, the Board relies on a diverse range of advisors for support in meeting relevant obligations and safeguarding the Company's assets. For this reason the Board consider the Company's Custodian, Depositary, Registrar and Broker to be stakeholders. The Board maintains regular contact with its key external service providers and receives regular reporting from them through the Board and committee meetings, as well as outside of the regular meeting cycle.	Portfolio holdings are ultimately shareholders' assets and the Board recognise the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy. The Board monitors the Manager's stewardship arrangements and receives regular feedback from the Manager in respect of meetings with the management.

Strategic report
continued

A summary of the key areas of engagement undertaken by the Board with its key stakeholders in the year under review and how Directors have acted upon this to promote the long-term success of the Company are set out in the table below.

Area of Engagement	Issue	Engagement	Impact
Investment mandate and objective	The Board has responsibility to shareholders to ensure that the Company's portfolio of assets is invested in line with the stated investment objective and in a way that ensures an appropriate balance between spread of risk and portfolio returns.	The Board worked closely with the Investment Manager throughout the year in further developing investment strategy and underlying policies, not simply for the purpose of achieving the Company's investment objective but in the interests of shareholders and future investors.	The portfolio activities undertaken by the Investment Manager can be found in their Report on pages 9 to 13. The Investment Manager aims to construct a portfolio that is high conviction and concentrated in nature but diversified by end market exposures. Outperformance of the reference index in the year has reflected this. Details regarding the Company's NAV and share price performance can be found in the Chairman's Statement on page 5 and in the Strategic Report on page 28.
Shareholders	Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy.	The Board is committed to maintaining open channels of communication and to engage with shareholders. The Company welcomes and encourages attendance and participation from shareholders at its Annual General Meetings. Shareholders will have the opportunity to meet the Directors and Investment Manager and to address questions to them directly. The Investment Manager will also provide a presentation on the Company's performance and the outlook. The Annual Report and Half Yearly Financial Report are available on the BlackRock website and are also circulated to shareholders either in printed copy or via electronic communications. In addition, regular updates on performance, monthly factsheets, the daily NAV and other information are also published on the Manager's website at blackrock.com/uk/brge. Unlike trading companies, one-to-one shareholder meetings normally take the form of a meeting with the Investment Manager as opposed to members of the Board. The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programmes of institutional presentations by the Investment Manager. If shareholders wish to raise issues or concerns with the Board, they are welcome to do so at any time. The Chairman is available to meet directly with shareholders periodically to understand their views on governance and the Company's performance where they wish to do so. He may be contacted via the Company Secretary whose details are given on page 101.	The Board values any feedback and questions from shareholders ahead of and during Annual General Meetings in order to gain an understanding of their views and will take action when and as appropriate. Feedback and questions will also help the Company evolve its reporting, aiming to make reports more transparent and understandable. Feedback from all substantive meetings between the Investment Manager and shareholders will be shared with the Board. The Directors will also receive updates from the Company's Broker on any feedback from shareholders, as well as share trading activity, share price performance and an update from the Investment Manager. The portfolio management team attended a number of professional investor meetings and held discussions with a number of wealth management desks and offices in respect of the Company during the year under review. Portfolio holdings are ultimately shareholders' assets and the Board recognise the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy. The Board monitors the Manager's stewardship arrangements and receives regular feedback from the Investment Manager in respect of meetings with the management of portfolio companies.

Area of Engagement	Issue	Engagement	Impact
Responsible investing	More than ever, the importance of good governance and consideration of sustainable investment are key factors in making investment decisions. Climate change is becoming a defining factor in companies' long-term prospects across the investment spectrum, with significant and lasting implications for economic growth and prosperity.	The Board believes that responsible investment and sustainability are integral to the longer-term delivery of the Company's success. The Board works closely with the Investment Manager to regularly review the Company's performance, investment strategy and underlying policies to ensure that the Company's investment objective continues to be met in an effective, responsible and sustainable way in the interests of shareholders and future investors. The Investment Manager's approach to the consideration of Environmental, Social and Governance (ESG) factors in respect of the Company's portfolio, as well as the Investment Manager's engagement with investee companies to encourage the adoption of sustainable business practices which support long-term value creation, are kept under review by the Board. The Board also expects to be informed by the Manager of any sensitive voting issues involving the Company's investments. The Investment Manager reports to the Board in respect of its ESG policies and how these are integrated into the investment process; a summary of BlackRock's approach to ESG and sustainability is set out on pages 37 and 38. The Investment Manager's engagement and voting policy is detailed on pages 40 and 41 and on the BlackRock website.	The Investment Manager believes there is likely to be a positive correlation between strong ESG practices and investment performance over time.

Strategic report
continued

Area of Engagement	Issue	Engagement	Impact
Discount management	The Board recognises that it is in the long-term interests of shareholders that shares do not trade at a significant discount or premium to their prevailing NAV. The Board believes this may be achieved in two ways: the use of regular tender offers and the active use of share buyback powers.	The Board monitors the Company's share rating on an ongoing basis and receives regular updates from the Manager and the Company's Broker regarding the level of discount. The Board believes that the best way of maintaining the share rating at an optimal level over the long term is to create demand for the shares in the secondary market. To this end, the Investment Manager is devoting considerable effort to broadening the awareness of the Company, particularly to wealth managers and to the wider retail market. In addition, the Board has worked closely with the Manager to develop the Company's marketing strategy, with the aim of ensuring effective communication with existing shareholders and to attract new shareholders to the Company in order to improve liquidity in the Company's shares and to sustain the share rating of the Company.	The Board continues to monitor the Company's discount to NAV and will look to buyback shares and/or operate six monthly tender offers if it is deemed to be in the interests of shareholders as a whole. The Board decided not to implement a semi-annual tender offer in November 2019 as, over the six months to 31 August 2019, the average discount to net asset value (cum income) (NAV) was 4.0%. It also decided not to implement the May 2020 semi-annual tender offer, as over the six months to 29 February 2020, the average discount to net asset value (cum income) (NAV) was 3.3%. The Board instead decided to use its share buyback powers and during the financial year the Company bought back 390,000 shares at a cost of £1,506,000. The Company's average discount for the year to 31 August 2020 was 4.0% and the discount at 21 October 2020 stood at 2.1%.
Service levels of third-party providers	The Board acknowledges the importance of ensuring that the Company's principal suppliers are providing a suitable level of service, including the Manager in respect of investment performance and delivering on the Company's investment mandate; the Custodian and Depositary in respect of their duties towards safeguarding the Company's assets; the Registrar in its maintenance of the Company's share register and dealing with investor queries; and the Company's Broker in respect of the provision of advice and acting as a market maker for the Company's shares.	The Manager reports to the Board on the Company's performance on a regular basis. The Board carries out a robust annual evaluation of the Manager's performance, their commitment and available resources. The Board performs an annual review of the service levels of all third-party service providers and concludes on their suitability to continue in their role. The Board receives regular updates from the AIFM, Depositary, Registrar and Broker on an ongoing basis. In light of the challenges presented by the COVID-19 pandemic to the operation of businesses across the globe, the Board has worked closely with the Manager to gain comfort that relevant business continuity plans are operating effectively for all of the Company's key service providers.	All performance evaluations were performed on a timely basis and the Board concluded that all key third-party service providers, including the Manager were operating effectively and providing a good level of service. The Board has received updates in respect of business continuity planning from the Company's Manager, Custodian, Depositary, Fund Accountant, Registrar, Printer and Broker and is confident that arrangements are in place to ensure a good level of service will continue to be provided despite the impact of the COVID-19 pandemic. The interest rate on the Company's overdraft facility with BNYM was reduced during the year by 10 basis points.

Area of Engagement	Issue	Engagement	Impact
Board composition	The Board is committed to ensuring that its own composition brings an appropriate balance of knowledge, experience and skills, and that it is compliant with best corporate governance practice under the UK Code, including guidance on tenure and the composition of the Board's committees.	All Directors are subject to a formal evaluation process on an annual basis (more details and the conclusions of the 2020 evaluation process are given on page 54). All Directors stand for re-election by shareholders annually. Shareholders may attend the Annual General Meeting and raise any queries in respect of Board composition or individual Directors in person, or may contact the Company Secretary or the Chairman using the details provided on page 101 with any issues.	As at the date of this report, the Board was comprised of two men and two women. No Director has a tenure in excess of nine years, although Ms Curling will have served on the Board for exactly nine years at the date of the forthcoming Annual General Meeting. Details of each Directors' contribution to the success and promotion of the Company are set out in the Directors' Report on page 44 and details of Directors' biographies can be found on pages 25 and 26. The Directors are not aware of any issues that have been raised directly by shareholders in respect of Board composition in the year under review. Details for the proxy voting results in favour and against individual Directors' re-election at the 2019 AGM are given on the Manager's website at www.blackrock.com/uk/brge.

Sustainability and ESG policies

Environmental, social and governance (ESG) issues can present both opportunities and threats to long-term investment performance. These ethical and sustainability issues cannot be ignored, and your Board has appointed a manager that is committed to applying the highest standards of ESG practice. Effective engagement with management is, in most cases, the most constructive way of driving meaningful change in the behaviour of investee company management. This is particularly true for the Company's Manager given the extent of BlackRock's shareholder engagement (BlackRock held 3,040 engagements with 2,020 companies based in 54 markets for the year to 30 June 2020). As well as the influence afforded by its sheer scale, BlackRock is well placed as Manager to fulfil these requirements due to the integration of ESG into its investment processes, the emphasis it places on sustainability, its collaborative approach in its investment stewardship activities and its position in the industry as one of the largest suppliers of sustainable investment products in the global market. More information on BlackRock's approach to sustainability is set out below. Further details of ESG in the Investment Manager's investment process are given on pages 55 and 56.

Responsible ownership – BlackRock's approach

As a fiduciary to its clients, BlackRock has built its business to protect and grow the value of clients' assets. From BlackRock's perspective, business-relevant sustainability issues can contribute to a company's long-term financial performance and thus further incorporating these considerations into the investment research, portfolio construction and stewardship process can enhance long-term risk adjusted returns. By expanding access to data, insights and learning on material ESG risks and opportunities in investment processes across BlackRock's diverse platform, BlackRock believes that the investment process is greatly enhanced. The Company's Portfolio Managers work closely with BlackRock's Investment Stewardship team to assess the governance quality of companies and investigate any potential issues, risks or opportunities. The Portfolio Managers use ESG information when conducting research and due diligence on new investments and again when monitoring investments in the portfolio.

BlackRock's approach to sustainable investing

Considerations about sustainability have been at the centre of BlackRock's investment approach for many years and the firm offers more than 100 sustainable products and solutions. BlackRock believes that climate change is now a defining factor in companies' long-term prospects and that will have a significant and lasting impact on economic growth and prosperity. It is BlackRock's belief that climate risk now equates to investment risk and this will drive a profound reassessment of risk and asset values as investors seek to react to the impact of climate policy changes. This in turn is likely to drive a significant reallocation of capital away from traditional carbon intensive industries over the next decade.

Strategic report
continued

In January 2020, with this transition in mind, BlackRock announced that it would accelerate its sustainable investing efforts and make a number of enhancements to its investment management and risk processes, including the following:

- heightening scrutiny on sectors with a high ESG risk, such as thermal coal producers, due to the investment risk they present to client portfolios;
- putting ESG analysis at the heart of Aladdin (BlackRock's proprietary trading platform) and using proprietary tools to help analyse ESG risk; and
- placing oversight of ESG risk with BlackRock's Risk and Quantitative Analysis group, to ensure that ESG risk is given increased weighting as a risk factor and is analysed with the same weight given to traditional measures such as credit or liquidity risk.

Investment Stewardship

BlackRock also places a strong emphasis on sustainability in its stewardship activities. BlackRock has engaged with companies on sustainability-related questions for a number of years, urging management teams to make progress while also deliberately giving companies time to enhance disclosure consistent with the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). This includes each company's plan for operating under a scenario where the Paris Agreement's goal of limiting global warming to less than two degrees is fully realised, as expressed by the TCFD guidelines. To this end, BlackRock is now a member of Climate Action 100+, a group of investors that engages with companies to improve climate disclosure and align business strategy with the goals of the Paris Agreement. BlackRock will be aligning its engagement and stewardship priorities to UN Sustainable Development Goals (including Gender Equality and Affordable and Clean Energy). BlackRock is committed to voting against management to the extent that they have not demonstrated sufficient progress on sustainability issues.

BlackRock is committed to transparency in terms of disclosure on its engagement with companies and voting rationales. In the year to 30 June 2020, BlackRock voted against or withheld votes from 5,100+ directors at 2,800 different companies. More details about BlackRock's investment stewardship process can be found on BlackRock's website at https://www.blackrock.com/corporate/literature/publication/blk-annual-stewardship-report-2020.pdf.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
22 October 2020

Directors' report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 August 2020.

Status of the Company

The Company is domiciled in the United Kingdom. The Company is a public company limited by shares and is also an investment company under section 833 of the Companies Act 2006 and operates as such. It is not a close company and has no employees.

The Company has been approved by HM Revenue & Customs (HMRC) as an investment trust in accordance with sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of the Alternative Investment Fund Managers' Directive (AIFMD). The Company is governed by the provisions of the European Union Alternative Investment Fund Managers Regulations 2013 (the Regulations) and is required to be authorised by the Financial Conduct Authority (FCA). It must comply with a number of obligations, including the appointment of an Alternative Investment Fund Manager (AIFM) and a depositary to carry out certain functions. The Company must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the FCA. Further details are set out on the Company's website at blackrock.com/uk/brge, the Regulatory Disclosures section on pages 102 and 103, and in the notes to the Financial Statements.

The Company's ordinary shares are eligible for inclusion in the stocks and shares component of a New Individual Savings Account (NISA).

Facilitating retail investments

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investments because they are shares in an investment trust.

The Common Reporting Standard

Tax legislation under the Organisation for Economic Cooperation and Development (OECD) Common Reporting Standard for Automatic Exchange of Financial Account Information (the Common Reporting Standard) was introduced on 1 January 2016.

The legislation requires investment trust companies to provide personal information to HMRC about investors who purchase shares in investment trusts. The Company has to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities. The local tax authority to which the information is initially passed may in turn exchange the information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements to exchange financial account information.

All new shareholders, excluding those whose shares are held in CREST, entered on to the share register, will be sent a certification form for the purposes of collecting this information.

GDPR

Data protection rights were harmonised across the European Union following the implementation of the General Data Protection Regulation (GDPR) on 25 May 2018. The Board has sought and received assurances from its third-party service providers that they have taken appropriate steps to ensure compliance with the regulation. The Company's 'Data Privacy Policy' can be found on the Company's website at www.blackrock.com/uk/brge.

Shareholder Rights Directive II

The Shareholder Rights Directive II took effect from 10 June 2019 with some transitional provisions. It encourages long-term shareholder engagement and transparency between companies and shareholders. In substantive terms the changes are small for investment companies and the majority of requirements apply to the Company's remuneration policy and disclosure of processes, as well as related party transactions. There are also additional rules for Alternative Investment Fund Managers and proxy advisers.

Dividends

Details of dividends paid and payable in respect of the year are set out in the Chairman's Statement.

Investment management and administration

BlackRock Fund Managers Limited (BFM, AIFM or the Manager) was appointed as the Company's AIFM with effect from 2 July 2014. BlackRock Investment Management (UK) Limited (BIM (UK) or Investment Manager) acts as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year.

The management contract is terminable by either party on six months' notice. Under the agreement, the Board continues to be independent from the AIFM. The agreement provides the appropriate balance between the Board's control over the Company, its investment policies and compliance with regulatory obligations.

Directors' report

continued

The Company pays an annual management fee to BFM which is calculated based on 0.85% of net asset value on the last day of each month. Where the Company invests in other investments or cash funds managed by BIM (UK), any underlying fee charged is rebated. Fees are adjusted by adding all dividends declared during the period. No penalty on termination of the investment management contract would be payable by the Company in the event that six months' written notice is given to the Manager. There are no provisions relating to the payment of fees in lieu of notice.

The Company contributes to a focused investment trust sales and marketing initiative operated by BlackRock on behalf of the investment trusts under its management. The Company's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represents a budget of up to 0.025% per annum of its net assets (£348 million) as at 31 December 2019 and this contribution is matched by BIM (UK). In addition, a budget of a further £25,000 has been allocated for Company specific sales and marketing activity. Total fees paid or payable for these services for the year ended 31 August 2020 amounted to £111,000 (excluding VAT) (2019: £103,000). The purpose of the programme overall is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefit of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

BFM and BIM (UK) are subsidiaries of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm.

Appointment of the Manager

The Board considers the arrangements for the provision of investment management services to the Company on an ongoing basis and a formal review is conducted annually. As part of the annual review the Board considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Board has concluded that the continuing appointment of the Manager as AIFM, and the delegation of investment management services to the Investment Manager on the terms disclosed above, is in the interests of shareholders as a whole given their proven track record in successfully investing in Europe.

Depositary and Custodian

The Company is required under the AIFMD to appoint an AIFMD compliant depositary. The Company appointed BNY Mellon Trust & Depositary (UK) Limited (BNYMTD) in this role effective from 2 July 2014. With effect from 1 November 2017, the role of the Depositary was transferred, by operation of a novation agreement, from BNYMTD to its parent company, The Bank of New York Mellon (International) Limited (BNYM or the Depositary).

The Depositary's duties and responsibilities are outlined in the investment fund legislation (as defined in the FCA AIF Rulebook). The main role of the Depositary under the AIFMD is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. With effect from 1 January 2019, the Depositary receives a fee payable at 0.0095% per annum of the net assets of the Company (prior to this the fee was 0.0115% per annum). The Company has appointed the Depositary in a tripartite agreement to which BFM as AIFM is also a signatory. The Depositary is also liable for the loss of financial instruments held in custody.

Under the depositary agreement, custody services in respect of the Company's assets have been delegated to the Asset Servicing division of BNYM. BNYM receives a custody fee payable by the Company at rates depending on the number of trades effected and the location of securities held. The depositary agreement is subject to 90 days' notice of termination by any party.

Registrar

The Company has appointed Computershare Investor Services PLC as its Registrar (the Registrar). The principal duty of the Registrar is the maintenance of the register of shareholders (including registering transfers). It also provides services in relation to any corporate actions, dividend administration, shareholder documentation, the Common Reporting Standard and the Foreign Account Tax Compliance Act.

The Registrar receives a fixed fee each year, plus disbursements and VAT for the maintenance of the register. Fees in respect of corporate actions and other services are negotiated on an arising basis.

Change of control

There are no agreements which the Company is party to that might be affected by a change of control of the Company.

Exercise of voting rights in investee companies

The exercise of voting rights attached to the Company's portfolio has been delegated to the Investment Manager, whose voting policy is set out below. BlackRock's approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BlackRock believes that sound corporate governance practices by companies contribute to their long-term financial performance and thus to better risk-adjusted returns.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team, located in six offices around the world. In addition to its own professional staff, the

BlackRock Investment Stewardship team draws upon the expertise of BlackRock's portfolio managers, researchers and other internal and external resources globally.

BlackRock's global corporate governance and engagement principles are published on the website https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-guidelines-emea.pdf. The principles set out BlackRock's views on the overarching features of corporate governance that apply in all markets. For each region, BlackRock also publishes market-specific policies, which are updated every year to ensure that they remain relevant. The voting guidelines are principles-based and not prescriptive because BlackRock believes that each voting situation needs to be assessed on its merits. Voting decisions are taken to support the outcome that BlackRock believes (in its professional judgement) will best protect the economic interests of their clients.

During the year under review, the Investment Manager voted on 564 proposals at 37 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well run companies but voted against 78 (13.8%) resolutions and abstained from voting on 6 (1.1%) resolutions. Most of the votes against were in respect of resolutions relating to directors' remuneration, or to elect or remove directors and to approve the issuance of equity, which were deemed by the Investment Manager as not being in the best interests of shareholders.

Principal risks

The key risks faced by the Company are set out in the Strategic Report.

Going concern

As described in the viability statement in the Strategic Report, the Board is mindful of the uncertainty surrounding the potential duration of the COVID-19 pandemic and its impact on the global economy, the Company's assets and the potential for the level of revenue derived from the portfolio to reduce. The Portfolio Managers will continue to review the composition of the Company's portfolio and to be pro-active in taking investment decisions if necessary.

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. The Board believes that the Company and its key third-party service providers have in place appropriate business continuity plans and these services have continued to be supplied without interruption throughout the COVID-19 pandemic.

The Company has a portfolio of investments which are predominantly readily realisable and is able to meet all of its liabilities from its assets and income generated from these assets. Accounting revenue and expense forecasts are maintained and reported to the Board regularly and it is expected that the Company will be able to meet all its obligations. Borrowings under the overdraft facility shall at no time exceed 15% of the Company's net asset value and this covenant was complied with during the period. Based on the above, the Board is satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. Ongoing charges for the year ended 31 August 2020 were approximately 1.01% of net assets.

A statement on the longer-term viability of the Company is considered in the viability statement on page 32.

Directors

The Directors of the Company as at 31 August 2020 and their biographies are set out on pages 25 and 26. Details of their interests in the ordinary shares of the Company are set out in the Directors' Remuneration Report on page 49. All of the Directors held office throughout the year under review and up to the date of signing the financial statements.

Although the Company's Articles of Association require that one third of Directors retire and seek re-election at intervals of no more than three years, the Board has resolved that all of the Directors should be subject to re-election on an annual basis. Accordingly, all of the Directors who held office throughout the year will offer themselves for re-election at the Annual General Meeting. The Board has considered the positions of the retiring Directors as part of the evaluation process and believes that it would be in the Company's best interests for the Directors to be proposed for re-election at the forthcoming Annual General Meeting, given their material level of contribution and commitment to the role.

Having considered the Directors' performance within the annual Board performance evaluation process, further details of which are provided on page 54, the Board believes that it continues to be effective and the Directors bring extensive knowledge and commercial experience and demonstrate a range of valuable business, financial and asset management skills. The Board therefore recommends that shareholders vote in favour of each Director's proposed re-election.

There were no contracts subsisting during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. None of the Directors has a service contract with the Company. No Director is entitled to compensation for loss of office on the takeover of the Company.

Directors' indemnity

The Company has maintained appropriate Directors' and Officers' liability insurance cover throughout the year. In addition to Directors' and Officers' liability insurance cover, the Company's Articles of Association provide, subject to the provisions of applicable UK legislation, an indemnity for

Directors' report

continued

Directors in respect of costs incurred in the defence of any proceedings brought against them by third parties arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour. The Company has entered into Deeds of Indemnity with Directors individually which are available for inspection at the Company's registered office and will also be available at the Annual General Meeting. The indemnity has been in force during the financial year and up to the date of approval of the financial statements.

Conflicts of interest

The Board has put in place a framework in order for Directors to report conflicts of interest or potential conflicts of interest which it believes has worked effectively during the year. All Directors are required to notify the Company Secretary of any situations or potential situations where they consider that they have or may have a direct or indirect interest, or duty that conflicted or possibly conflicted with the interests of the Company. All such situations are reviewed by the Board and duly authorised. Directors are also made aware at each meeting that there remains a continuing obligation to notify the Company Secretary of any new situations that may arise, or any changes to situations previously notified. It is the Board's intention to continue to review all notified situations on a regular basis.

Directors' remuneration report

The Directors' Remuneration Report is set out on pages 47 to 51. An advisory ordinary resolution to approve this report will be put to shareholders at the Company's forthcoming Annual General Meeting. The Company is also required to put the Directors' remuneration policy to a binding shareholder vote every three years. The remuneration policy was last put to shareholders at the Annual General Meeting in 2017, therefore an ordinary resolution to approve the policy as set out on pages 50 and 51 will be put to shareholders at the forthcoming Annual General Meeting.

Substantial share interests

No shareholders have declared a notifiable interest in the Company's voting rights.

Share capital

Full details of the Company's issued share capital are given in note 13 to the Financial Statements. Details of the voting rights in the Company's ordinary shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting.

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights or the transfer of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company. At 31 August 2020, the Company's issued share capital was 84,323,101 ordinary shares, excluding 26,005,837 shares held in treasury.

Tender offers

On 23 March 2020 the Board announced that it would not be implementing the May semi-annual tender offer. Over the six months to 29 February 2020, the average discount to NAV (cum income) was 3.3%. It was also announced on 15 September 2020 that the Board had decided not to implement a semi-annual tender offer in November 2020. Over the six-month period to 31 August 2020, the average discount to NAV (cum income) was 4.6%. The Board concluded that it was not in the interests of shareholders as a whole to implement the semi-annual tender offers.

The current tender offer authority will expire on 31 January 2021 and the Directors are proposing that their authority to make further regular tender offers be renewed at the forthcoming Annual General Meeting.

Share repurchases

The Company has authority to purchase ordinary shares in the market to be held in treasury or for cancellation. During the year the Company bought back 390,000 ordinary shares at an average price of 383.74p and at an average discount of 4.3% for a total cost of £1,506,000 including expenses. All shares have been placed in treasury. Since the year end and up to the date of this report, no further shares have been repurchased.

The latest buy back authority was granted to Directors on 5 December 2019 and expires at the conclusion of the Annual General Meeting on 1 December 2020. The Directors are proposing that their authority to buy back shares be renewed at the forthcoming Annual General Meeting.

Share issues

No ordinary shares were issued during the year. The Directors are proposing that their authority to issue new ordinary shares or sell shares from treasury be renewed at the forthcoming Annual General Meeting.

Treasury shares

At the 2019 Annual General Meeting the Company was authorised to repurchase ordinary shares into treasury for reissue or cancellation at a future date. The 390,000 ordinary shares which have been repurchased in the market during the year and up to the date of this report have been placed in treasury. The Company currently has the authority to reissue its ordinary shares from treasury on a non-pre-emptive basis at a discount of no greater than 2% to the NAV per share. A resolution to renew this authority will again be put to shareholders at the forthcoming Annual General Meeting.

The Directors have the discretion to implement twice yearly tender offers, at which time the Company will not repurchase ordinary shares into treasury at a discount to NAV of less than 2% on the date of purchase. It has therefore been agreed that treasury shares will only be reissued at a lesser discount to that at which they were acquired in the tender offers and in addition at a price which is not less than the market bid price at the time of sale. This ensures that the combined purchase of shares into treasury and subsequent sale of shares out of treasury is NAV enhancing on the roundtrip. The Directors will still have the discretion to issue shares out of treasury at a price in excess of the NAV per share if it determines that this is in the interests of shareholders.

There is no limit to the number of shares which can be held in treasury. The use of treasury shares should assist the Board in the objective of providing a discount management mechanism and enhancing the NAV of the Company's shares.

Streamlined Energy and Carbon Reporting (SECR) statement: greenhouse gas (GHG) emissions and energy consumption disclosure

This is a SECR statement[1] on the Company's annual energy consumption and GHG emissions for the financial year 1 September 2019 to 31 August 2020 and the prior year, 2018/2019. The Company does not own, lease or operate any assets, and has no direct employees. Therefore, there are zero emissions associated or attributed to the entity (Table 1) and no underlying global energy consumption (Table 2). In addition, there are no energy efficiency action measures taken over the reporting year. This is the Company's first SECR statement.

The Company used the main requirements of the GHG Protocol Corporate Standard (revised edition) as a basis to report on any GHG emissions in tonnes of carbon dioxide equivalent (tCO_2e), which expresses multiple greenhouse gases in terms of carbon dioxide based on their global warming potential (including methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride). Emissions considered relate to activities for which the Company is responsible and included as applicable: combustion of any fuel and operation of its facilities; and annual emissions from the purchase of electricity, heat, steam or cooling by the Company for its own use.

Table 1. 2019/2020 BlackRock Greater Europe Investment Trust plc GHG Emissions

	2019/20		2018/19	
GHG Emissions (tCO_2e)[2]	**(Market-based)**	**(Location-based)**	**(Market-based)**	**(Location-based)**
Scope 1[3] —Combustion of fuels and fugitive emissions of refrigerant gases	0	0	0	0
Scope 2[4]—Electricity, heat, steam, and cooling purchased for landlord shared services and own use	0	0	0	0
Scopes 1 + 2—Mandatory carbon footprint disclosure	**0**	**0**	**0**	**0**
Scope 1+2 – Mandatory intensity ratio: emissions per total revenue (tCO_2e/$100m)	**0**	**0**	**0**	**0**

Table 2. 2019/2020 BlackRock Greater Europe Investment Trust plc Energy use

		2019/20		2018/19	
Consumption Source	**Scope**	**Consumption value**	**Unit**	**Consumption value**	**Unit**
Natural Gas	Scope 1	0	kWh	0	kWh
Diesel Fuel	Scope 1	0	kWh	0	kWh
Private Aviation (Jet Fuel)	Scope 1	0	kWh	0	kWh
Refrigerants	Scope 1	0	lbs	0	lbs
Electricity	Scope 2	0	kWh	0	kWh

BlackRock acts as Investment Manager to BlackRock Greater Europe Investment Trust plc. Therefore, for full transparency, BlackRock's global Scope 1, 2 and 3 emissions for 1 January 2019 to 31 December 2019 can be found in its 2020 Carbon Disclosure Project (CDP) submission: https://www.cdp.net/en/responses/1875

1 GHG emissions and energy consumption statement pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the **SECR Regulations**).

2 Tonnes of carbon dioxide equivalent.

3 Scope 1 emissions are direct GHG emissions from activities owned or controlled by an organisation.

4 Scope 2 emissions are indirect emissions associated with an organisation's consumption of purchased electricity, heat, steam and cooling. These emissions occur as a consequence of an organisation's activities at sources which the organisation does not own or control.

Directors' report

continued

Articles of Association

Any amendments to the Company's Articles of Association must be made by special resolution.

Annual General Meeting

The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents (but not the personalised Form of Proxy) as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The business of this year's Annual General Meeting consists of 16 resolutions. Resolutions 1 to 11 are proposed as ordinary resolutions and resolutions 12 to 16 are being proposed as special resolutions.

Resolution 1 – Approval of the annual report and financial statements

This resolution seeks shareholder approval of the Annual Report and Financial Statements for the year ended 31 August 2020 and the auditor's report thereon.

Resolution 2 – Approval of the Directors' remuneration report

This resolution is an advisory vote on the Directors' Remuneration Report, excluding any content relating to the remuneration policy as set out in the Directors' Remuneration Policy on pages 50 and 51.

Resolution 3 – Approval of the Directors' remuneration policy

This resolution is a triennial binding vote on the Directors' Remuneration Policy, which is set out in full on pages 50 and 51. The remuneration policy will take effect immediately on approval by shareholders and will continue to apply for the next three years, unless amended by the Company in general meeting at an earlier date.

Resolution 4 – Approval of a final dividend

Resolution 4 seeks shareholder approval of a final dividend of 4.40 pence per share for the year ended 31 August 2020.

Resolutions 5 to 8 – Re-election of Directors

Resolutions 5 to 8 relate to the re-election of the Directors. The Board has undertaken a formal performance evaluation during the year and confirms that the performance of the Directors standing for re-election continues to be effective and that each Director demonstrates commitment to their role. The biographies of the Directors are set out on pages 25 and 26. The skills and experience each Director bring to the Board for the long-term sustainable success of the Company are set out below. All the Directors held office throughout the year under review and will stand for re-election by shareholders at the meeting in accordance with the requirements of the UK Code.

Resolution 5 relates to the re-election of Mr Peter Baxter who was appointed in April 2015 and also chairs the Company's Audit and Management Engagement Committee. Mr Baxter brings over thirty years of investment experience to the Board, having served as chief executive of Old Mutual Asset Managers (UK) Ltd, as well as in a variety of investment roles. Having recently served on the Financial Reporting Council's Conduct Committee, he brings detailed knowledge in promoting high quality corporate reporting and also serves as a non-executive director on another investment trust board.

Resolution 6 relates to the re-election of Ms Davina Curling who was appointed in December 2011. Ms Curling has over twenty-five years' experience of investment management, with over twenty years as a fund manager, primarily managing European equities, for both retail and institutional investors, and specialising in the former. She has worked at some of the biggest names in the industry and brings in-depth knowledge of the European sector. She also serves as a non-executive director on two other investment trust boards and sits on the Investment Committee of St. James's Place Wealth Management.

Resolution 7 relates to the re-election of Mr Eric Sanderson who was appointed in April 2013. Mr Sanderson, who acts as Chairman, brings leadership skills and much in-depth knowledge, expertise and experience to the Board having held a number of non-executive board positions. He is a qualified chartered accountant and brings this skill set to his role as a member of the Company's Audit and Management Engagement Committee. He has detailed knowledge of the investment trust industry and serves as chairman on another investment trust board.

Resolution 8 relates to the re-election of Dr Paola Subacchi who was appointed in July 2017. She is an economist and Professor of International Economics and Chair of the Advisory Board, Global Policy Institute, Queen Mary University of London. She is also Adjunct Professor at the University of Bologna, where she teaches a course on the economics of Europe, and a non-executive director of Scottish Mortgage Investment Trust Plc. Previously, she was director of International Economics Research at the Royal Institute of International Affairs (Chatham House). She brings deep knowledge of Europe, including its governance and institutions.

Resolutions 9 and 10 – Re-appointment of the external auditor and the auditor's remuneration

These resolutions relate to the re-appointment and remuneration of the Company's auditor. The Company, through its Audit and Management Engagement Committee, has considered the independence and objectivity of the external auditor and are satisfied that the auditor remains independent. Further information in relation to the assessment of the auditor's independence can be found on page 61.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 11 – Authority to allot shares

The Directors may only allot shares for cash if authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to allot shares for cash up to an aggregate nominal amount of £8,432 which is equivalent to 8,432,310 ordinary shares of 0.1p each and represents 10% of the current issued ordinary share capital excluding treasury shares. The Directors will use this authority when it is in the best interests of the Company to issue shares for cash. This authority will expire at the conclusion of next year's Annual General Meeting, unless renewed prior to that date at an earlier general meeting.

Resolution 12 – Authority to disapply pre-emption rights

By law, Directors require specific authority from shareholders before allotting new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 12 empowers the Directors to (i) allot new shares for cash or; (ii) to sell shares held by the Company in treasury, in each case otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £8,432 which is equivalent to 8,432,310 ordinary shares of 0.1p each and represents 10% of the Company's issued ordinary share capital excluding treasury shares at the date of this notice. Unless renewed at a general meeting prior to such time, these authorities will expire at the conclusion of the Annual General Meeting of the Company to be held in 2021.

Resolution 13 – Authority to buy back ordinary shares

The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own ordinary shares. The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares.

Under the Listing Rules of the Financial Conduct Authority, the maximum price payable by the Company for each ordinary share is the higher of (i) 105% of the average of the middle market quotations of the ordinary shares for the five dealing days prior to the date of the market purchase and (ii) the higher of the price quoted for (a) the last independent trade and (b) the highest current independent bid for, any number of ordinary shares on the trading venue where the purchase is carried out. In making purchases, the Company will deal only with member firms of the London Stock Exchange.

The Directors are seeking authority to purchase up to 12,640,032 ordinary shares (being 14.99% of the ordinary shares in issue at the date of this report) or, if less, 14.99% of the ordinary shares as at 1 December 2020. This authority, unless renewed at an earlier general meeting, will expire at the conclusion of next year's Annual General Meeting in 2021.

Resolutions 14 and 15 – Regular tender offers

Resolutions 14 and 15 seek shareholder approval to renew the authorities to operate the semi-annual tender offers in accordance with the terms and conditions of the Company's regular tender offers. The Directors are seeking authority to purchase up to a maximum of 20% of the ordinary shares in issue at each relevant tender offer date. The authorities, if renewed, will expire on 31 July 2021 and 31 January 2022.

Resolution 16 – Amendments to the Articles of Association

The amendments to the Articles of Association involve the addition of four new articles described below, all of which introduce increased flexibility for the Directors to determine the time and place of general meetings and the manner in which they are conducted (including the ability to hold hybrid meetings) which the Directors believe will be desirable from a corporate governance perspective following restrictions around shareholder attendance at general meetings during the COVID-19 pandemic:

- Article 58 (*Postponement of a general meeting*) allows the Directors to postpone the time at which a general meeting is to be held, or change the place of the general meeting, in the event that they decide it has become impracticable or undesirable to hold the meeting at the declared time and place. The exercise of this power (which may be used any number of times in relation to the same meeting) does not require a new notice to be sent, although the Directors are required to take appropriate actions to inform shareholders of the new time and place;

- Article 59 (*Form of general meetings*) introduces the option of meetings being held as either 'physical meetings' or as 'hybrid meetings', with the latter involving both the physical attendance of members and participation by members via electronic means. Directors will be granted the discretion to determine that any particular general meeting (including an adjourned or postponed meeting) shall be held either as a physical meeting or hybrid meeting but shall be under no obligation to convene any particular meeting as a hybrid meeting. It is the current expectation of the Directors that hybrid meetings would only be used where a solely physical meeting is

Directors' report

continued

impracticable or unworkable. Article 59 further empowers the Directors to make such arrangements as they see fit in connection with electronic participation in hybrid meetings and grants them the flexibility to change such meetings to a physical meeting or change the electronic facilities to be used, should they consider that their use has become impracticable or unreasonable;

- Article 64 (*Attendance and participation at different places*) permits the Directors to make arrangements for simultaneous attendance at and participation in general meetings (via electronic means or otherwise) by members at 'satellite' meetings, which are held at different venues to that of the 'Principal Place' of the meeting at which the chairman presides, while still counting towards the quorum and being able to vote; and
- Article 65 (*Security arrangements and orderly conduct*) permits the Directors or the chairman of the meeting to put in place security measures where considered appropriate in the circumstances, and to take such action, give such directions or put in place such arrangements as are considered appropriate to secure the safety of those attending the meeting and to promote the orderly conduct of the meeting.

Recommendation

The Board considers that each of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

Corporate governance

Full details are given in the Corporate Governance Statement. The Corporate Governance Statement forms part of this Directors' Report.

Audit information

As required by section 418 of the Companies Act 2006, the Directors who held office at the date of this report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

The auditor, Ernst & Young LLP, has indicated its willingness to continue in office and resolutions proposing its reappointment and authorising the Audit and Management Engagement Committee to determine its remuneration for the ensuing year will be submitted at the Annual General Meeting.

The Directors' Report was approved by the Board at its meeting on 22 October 2020.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
22 October 2020

Directors' remuneration report

Introduction

The Board presents the Directors' Remuneration Report for the year ended 31 August 2020 which has been prepared in accordance with sections 420-422 of the Companies Act 2006.

The Remuneration Report comprises a remuneration policy report and a remuneration policy implementation report. The remuneration policy report is subject to a triennial binding shareholder vote and will be put to shareholders for approval at the Annual General Meeting in 2020. The remuneration policy implementation report is subject to an annual advisory vote.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on pages 66 to 72.

Statement by the Chairman

A key element of the remuneration policy is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience to promote the long-term success of the Company, whilst also reflecting the time commitment and responsibilities of the role. The basis of determining the level of any increase in Directors' remuneration and the Board's policy on remuneration is set out in the Directors' Remuneration Policy on pages 50 and 51.

Effective from 1 September 2019, the fees of the Chairman increased to £41,000, the Chairman of the Audit and Management Engagement Committee to £32,500 and for the other Directors to £28,000. The Board's remuneration is considered annually and was last reviewed in June 2020. Following this review, it was agreed that no changes would be made to Directors' remuneration for the current financial year to 31 August 2021.

No discretionary fees have been paid to Directors during the year or previous year and the payment of such fees is expected to be a rare occurrence, only necessary in exceptional circumstances. Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken and why it was deemed necessary to pay such additional remuneration.

Remuneration Committee

The Board as a whole fulfils the function of the Remuneration Committee and considers any change in the Directors' remuneration policy. It is not considered necessary to have a separate Committee as the Company's Directors are all non-executive and independent of the Manager. No advice or services were provided by any external agencies or third parties.

Directors' remuneration report

continued

Remuneration implementation report

A single figure for the total remuneration of each Director is set out in the table below for the years ended 31 August 2020 and 31 August 2019.

Directors	Year ended 31 August 2020			Year ended 31 August 2019		
	Fees	Taxable benefits*	Total	Fees	Taxable benefits*	Total
	£	£	£	£	£	£
Eric Sanderson (Chairman)	41,000	1,196	42,196	38,000	6,020	44,020
Peter Baxter (Chairman of the Audit and Management Engagement Committee)	32,500	–	32,500	31,000	–	31,000
Davina Curling	28,000	451	28,451	27,000	714	27,714
Paola Subacchi	28,000	–	28,000	27,000	–	27,000
Total	129,500	1,647	131,147	123,000	6,734	129,734

* Taxable benefits relate to travel and subsistence costs.

The information in the above table has been audited.

The amounts paid by the Company to the Directors were for services as non-executive Directors. As at 31 August 2020, fees of £11,000 (2019: £10,000) were outstanding to Directors in respect of their annual fees. The Directors received no variable remuneration. No discretionary payments were made in the year to 31 August 2020 (2019: nil). No payments for loss of office were made and no payments were made to former directors.

As the Company has no employees, the table above also comprises the total remuneration costs and benefits paid by the Company.

Relative importance of spend on remuneration

To enable shareholders to assess the relative importance of spend on pay, this has been shown in the table below compared with the Company's total income, dividend distributions and share buy backs. As the Company has no employees, no consideration is required to be given to employment conditions elsewhere in setting Directors' pay.

	2020	2019	Change
	£'000	£'000	£'000
Directors' total remuneration	131	130	+1
Total dividends paid and payable	5,186	4,949	+237
Total income	4,778	5,926	-1,148
Buy back of ordinary shares	1,506	6,067	-4,561

Five year change comparison

Over the last five years, Directors' pay has increased as set out in the table below:

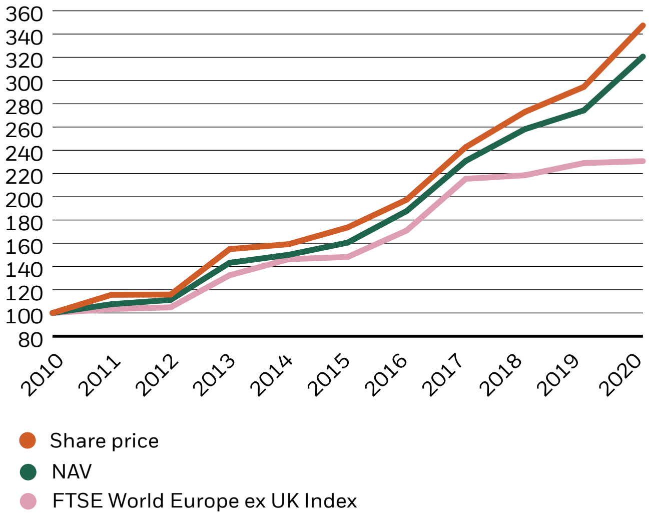
	2020	2015	Change
	£'000	£'000	£'000
Chairman	41,000	33,000	+24.2%
Audit and Management Engagement Committee Chairman	32,500	27,500	+18.2%
Director	28,000	23,000	+21.7%

As previously noted, the Company does not have any employees and hence no comparisons are given in respect of the comparison between Directors' and employees' pay increases.

Performance

The line graph that follows compares the Company's NAV and share price total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total notional shareholder return on an equivalent investment in the FTSE World Europe ex UK Index. This index was chosen for comparison purposes as it is the best proxy whereby the success of the Investment Manager's investment decisions may be judged.

Performance from 1 September 2010 to 31 August 2020



Sources: BlackRock and Datastream.
Performance with dividends reinvested in sterling terms, rebased to 100 at 1 September 2010.

Shareholdings

There is no requirement for Directors to hold shares in the Company.

The interests of the Directors in the ordinary shares of the Company are set out in the table below. The Company does not have a share option scheme, therefore none of the Directors has an interest in share options

	31 August 2020	31 August 2019
Eric Sanderson	4,000	4,000
Peter Baxter	5,000	5,000
Davina Curling	–	–
Paola Subacchi	3,012	590

The information in the above table has been audited.

All of the holdings of the Directors are beneficial. No changes to these holdings had been notified up to the date of this report.

Implementation of the remuneration policy in the 2020/2021 financial year

The Directors intend that the Directors' Remuneration Policy, which forms part of this report, will be implemented as set out on pages 50 and 51.

Retirement of Directors

Details are given in the Directors' Report on page 41.

By order of the Board

ERIC SANDERSON
Chairman
22 October 2020

Directors' remuneration policy

Directors' remuneration policy

In determining the appropriate level of Directors' fees, a number of factors are considered, including the workload of the Directors, their responsibilities, any change in these responsibilities and additional legal duties (for example as a result of new legislation being implemented), the relationship with their suppliers and the size and complexity of the Company. The time commitment required, the level of skills and appropriate experience required and the need for Directors to maintain on an ongoing basis an appropriate level of knowledge of regulatory and compliance requirements in an industry environment of increasing complexity are also taken into account. The Board also considers the average rate of inflation during the period since the last fee increase, and reviews the level of remuneration in comparison with other investment trusts of a similar size and/or mandate, as well as taking account of any data published by the Association of Investment Companies to ensure that fees are in line with industry practice. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary.

The review is performed on an annual basis. No director will be present when his or her own pay is being determined. The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting this policy and there has been no employee consultation.

No element of the Directors' remuneration is performance related or subject to recovery or withholding (except for tax). Directors cannot be awarded any share options or long-term performance incentives. None of the Directors has a service contract with the Company or receives any non-cash benefits (except as described in the future policy table), pension entitlements or compensation for loss of office.

The remuneration policy will be applied when agreeing the remuneration package of any new Director. The terms of a Directors' appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company.

Directors' appointments do not have a fixed duration, but they can be terminated by the Company in writing at any time without obligation to pay compensation. On termination of the appointment, Directors shall only be entitled to accrued fees as at the date of termination, together with reimbursement of any expenses properly incurred prior to that date. Directors are also subject to re-election on an annual basis and, if not elected, their appointment ceases immediately. No payments for loss of office are made.

Consideration of shareholders' views

An ordinary resolution to approve the Remuneration Report is put to members at each Annual General Meeting and shareholders have the opportunity to express their views and raise any queries in respect of the remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy. In the event that there was a substantial vote against any resolution proposed at the Company's Annual General Meeting, the reasons for any such vote would be sought and appropriate action taken. Should the vote be against resolutions in relation to the Directors' remuneration, further details will be provided in future Directors' Remuneration Reports.

In accordance with the Companies Act 2006, the Company is required to seek shareholder approval of its remuneration policy on a triennial basis. Consequently, an ordinary resolution for the approval of the remuneration policy as set out above and in the future policy table on page 51 will be put to members at the forthcoming Annual General Meeting. It is the intention of the Board that the policy on remuneration will continue to apply for the next three years.

Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken.

Shareholder voting

At the Company's previous Annual General Meeting held on 5 December 2019, 98.70% of votes cast (including votes cast at the Chairman's discretion) were in favour of the resolution to approve the Directors' Remuneration Report in respect of the year ended 31 August 2019 and 1.30% were against. 94,856 votes were withheld.

At the Company's Annual General Meeting held on 29 November 2017, 99.04% (including votes cast at the Chairman's discretion) were in favour of the resolution to approve the remuneration policy and 0.96% of votes cast were against. 134,115 votes were withheld.

Future policy table

	Fees	Discretionary fees	Benefits
Purpose and link to strategy	Fees payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company's affairs and the level of complexity of responsibilities borne by the Directors.		
Description	**Current levels** of fixed annual fee (effective from 1 September 2019) Chairman – £41,000 Audit and Management Engagement Committee Chairman – £32,500 Directors – £28,000 The Board reviews the quantum of Directors' pay each year to ensure that this is in line with the level of Directors' remuneration for other investment trusts of a similar size. When making recommendations for any changes in fees, the Board will consider wider factors such as the average rate of inflation over the period since the previous review and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements).	The Company's Articles of Association authorise the payment of discretionary fees to Directors for any additional work undertaken on behalf of the Company which is outside of their normal duties. Any such work and the fees payable are subject to the prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to the prior approval of the Chairman of the Audit and Management Engagement Committee. Any discretionary fees paid will be disclosed in the Directors' remuneration implementation report within the Annual Report.	The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them in or about the performance of their duties as Directors, including any expenses incurred in attending meetings of the Board or Committees of the Board, Annual General Meetings or General Meetings. Some expenses incurred by Directors are required to be treated as taxable benefits. Taxable benefits include (but are not limited to) travel expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered office in London and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred, including the tax and national insurance costs incurred by the Director on such expenses.
Maximum levels	Fixed fees are set each year in accordance with the stated policies and as such there is no set maximum threshold; however, any increase granted must be in line with the stated policies. The Company's Articles of Association set an aggregate limit of £200,000 in respect of the remuneration that may be paid to Directors in any financial year. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.	The level of discretionary fees shall be determined by the Directors and will be subject to a maximum of £10,000 per annum per Director.	No more than £20,000 per annum may be paid in respect of taxable benefits.

Corporate governance statement

Chairman's introduction

Corporate Governance is the process by which the Board seeks to look after shareholders' interests and protect and enhance shareholder value. Shareholders hold the Directors responsible for the stewardship of the Company, delegating authority and responsibility to the Directors to manage the Company on their behalf and holding them accountable for its performance.

The Board is ultimately responsible for framing and executing the Company's strategy and for closely monitoring risks. We aim to run our Company in a manner which is responsible and consistent with our belief in honesty, transparency and accountability. In our view, good governance means managing our business well and engaging effectively with investors. We consider the practice of good governance to be an integral part of the way we manage the Company and we are committed to maintaining high standards of financial reporting, transparency and business integrity.

As a UK-listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the UK Code) issued by the Financial Reporting Council in July 2018. However, as listed investment trust companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance (the AIC Code) issued in February 2019, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

Both the UK Code and the AIC Code apply to accounting periods beginning on or after 1 January 2019. The Board has determined that it has complied with the recommendations of the AIC Code. This in most material respects is the same as the UK Code, save that there is greater flexibility regarding the tenure of the Chairman and membership of the audit committee.

This report, which forms part of the Directors' Report, explains how the Board deals with its responsibility, authority and accountability.

Compliance

The Board has made the appropriate disclosures in this report to ensure that the Company meets its continuing obligations. It should be noted that, as an investment trust, most of the Company's day-to-day responsibilities are delegated to third-party service providers. The Company has no executive employees and the Directors are all non-executive, therefore not all of the provisions of the UK Code are directly applicable to the Company.

The Board considers that the Company has complied with the recommendations of the AIC Code and the provisions contained within the UK Code that are relevant to the Company throughout this accounting period, except the provisions relating to:

- the role of the chief executive;
- executive directors' remuneration;
- the need for an internal audit function;
- nomination of a senior independent director; and
- membership of the Audit and Management Engagement Committee.

The Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company with no executive employees and, in relation to the internal audit function, in view of BlackRock having an internal audit function. Further explanation is provided below.

Information on how the Company has applied the principles of the AIC Code and UK Code is set out below. The UK Code is available from the Financial Reporting Council's website at frc.org.uk. The AIC Code is available from the Association of Investment Companies at theaic.co.uk.

The Board

The Board currently consists of four non-executive Directors, all of whom are considered to be independent of the Company's Manager. Provision 9 of the UK Code which relates to the combination of the roles of the chairman and chief executive does not apply as the Company has no executive directors. The UK Code (Provision 12) recommends that the Board should appoint one of the independent non-executive directors to be the senior independent director. However, as the Board's structure is relatively simple, with no executive directors and just four non-executive directors, the Board does not consider it necessary to nominate a senior independent director.

The Board's primary purpose is to direct the Company to maximise shareholder value within a framework of proper controls and in accordance with the Company's investment objective.

Board structure and management

Details of the Board's structure, roles and responsibilities and management are set out in the summary of Governance Structure on page 24. The Directors' biographies on pages 25 and 26 demonstrate a breadth of investment, commercial, accounting, financial and professional experience which enables them to provide effective strategic leadership and proper governance of the Company. Details of the Chairman's other significant time commitments can also be found on page 25.

The Company does not have a chief executive as day-to-day management of the Company's affairs is delegated to the Manager as AIFM, with investment management and other ancillary services delegated to the Investment Manager. Representatives of the Manager, Investment Manager and Company Secretary attend each Board meeting. The Board, the AIFM, the Investment Manager and the Company Secretary operate in a supportive and co-operative manner.

Board independence and tenure

The Board's individual independence, including that of the Chairman, has been considered and confirmed and this independence allows all of the Directors to sit on the Company's various Committees. In line with the AIC Code, it has been agreed that Mr Sanderson will continue to be a member of the Audit and Management Engagement Committee.

The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can add significantly to the strength of the Board. It is considered that Ms Curling, who will have served as a Director for over nine years on 1 December 2020, continues to be independent in both character and judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director.

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. Copies of these letters are available on request from the Company's registered office and will be available at the Annual General Meeting.

Diversity

The Board's policy on diversity, including gender, is to take this into account during the recruitment and appointment process. However, the Board is committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity, and therefore no targets have been set against which to report. As at the date of this report, the Board consists of two men and two women.

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are discussed in the Directors' Report on page 41. The Board recognises the value of progressive renewing of, and succession planning, for company boards. The refreshment of the Board will remain as an ongoing process to ensure that the Board is well-balanced through the appointment of new Directors with the skills and experience necessary. Directors must be able to demonstrate commitment to the Company, including in terms of time.

Directors' induction, training and development

When a new Director is appointed to the Board, he or she is provided with all the relevant information regarding the Company and their duties and responsibilities as a Director. In addition, a new Director will also spend some time with the Portfolio Managers, the Company Secretary and other key employees of the Manager whereby he or she will become familiar with the working and processes of the Company.

The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Directors also receive regular briefings from, amongst others, the auditor and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect the Company and/or the Directors. Directors' training and development needs are reviewed by the Chairman on an annual basis.

Directors' liability insurance

The Company has maintained appropriate Directors' liability insurance cover throughout the year.

The Board's responsibilities

The Board is responsible to shareholders for the overall management of the Company. It decides upon matters relating to the Company's investment objective, policy and strategy and monitors the Company's performance towards achieving that objective through its agreed policy and strategy. The Board has also adopted a schedule of matters reserved for its decision. The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

Strategic issues and all operational matters of a material nature are determined by the Board. The Board has responsibility for ensuring that the Company keeps adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with the Companies Act 2006. It is the Board's responsibility to present a balanced and understandable assessment, which extends to interim and other price-sensitive reports. The Board is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board has established a procedure whereby Directors wishing to do so in the furtherance of their duties, may take independent advice at the Company's expense.

Meetings

The Board meets at least five times a year to review investment performance, financial reports and other reports of a strategic nature. Board or Board committee meetings are also held on an ad hoc basis to consider particular issues as they arise. Key representatives of the Manager and/or Investment Manager attend each meeting and between these meetings there is regular contact with the Manager and Investment Manager.

Corporate governance statement
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Performance evaluation
In order to review the effectiveness of the Board, the Committees and the individual Directors, the Board carries out an annual appraisal process. This encompasses both quantitative and qualitative measures of performance in respect of the Board and its Committees, implemented by way of completion of an evaluation survey and a subsequent review of findings. The Chairman also reviews with each Director their individual performance, contribution and commitment and the appraisal of the Chairman is reviewed by the other Directors, led by the Audit and Management Engagement Committee Chairman.

The appraisal process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and the performance of the Board and its Committees and the contribution of individual Directors, as well as building on and developing individual and collective strengths. There were no significant actions arising from the evaluation process and it was agreed that the current composition of the Board and its Committees reflected a suitable mix of skills and experience and that the Board as a whole, the individual Directors and its Committees, were functioning effectively.

Delegation of responsibilities
Management and administration
The management of the investment portfolio and the administration of the Company have been contractually delegated to BlackRock Fund Managers Limited (BFM), as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)) (the Investment Manager). The contractual arrangements with BFM (the Manager) are summarised on pages 39 and 40.

The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company. The Board has final investment authority on unquoted investments. The review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at each Board meeting. In addition, a formal review is undertaken annually, details of which are set out in the Directors' Report.

The Investment Manager has delegated the portfolio valuation and fund accounting services to The Bank of New York Mellon (International) Limited (BNYM). The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is BNYM and the address at which this business is conducted is given on page 101.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager. Details of the Investment Manager's voting policy are set out on pages 40 and 41.

The Company Secretary
The Board has direct access to company secretarial advice and the services of the Manager which, through its nominated representative, is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The appointment and removal of the Company Secretary is a matter for the whole Board.

Committees of the Board
Nomination Committee
As the Board is small and comprises only non-executive Directors it fulfils the function of the Nomination Committee and is chaired by the Chairman of the Board. The role of the Committee is to review the Board structure, size and composition, the balance of knowledge, experience and skill ranges and to consider succession planning and tenure policy. Appointments of new Directors will be made on a formalised basis, with the Committee agreeing the selection criteria and the method of selection, recruitment and appointment. The services of an external search consultant may be used to identify potential candidates.

Audit and Management Engagement Committee
A separately chaired Audit and Management Engagement Committee has been established and comprises the whole Board. Further details are given in the Report of the Audit and Management Engagement Committee on pages 58 to 62.

Remuneration Committee
The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report and Directors' Remuneration Policy on pages 47 to 51. The full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

Internal controls
The Board is responsible for establishing and maintaining the internal controls of the Company and for reviewing their effectiveness, for ensuring that financial information published or used within the business is reliable and for regularly monitoring compliance with regulations governing the operation of investment trusts.

The Board, through the Audit and Management Engagement Committee (the Committee), regularly reviews the effectiveness of the internal control systems to identify, evaluate and manage the Company's significant risks. If any significant failings or weaknesses are identified, the Manager and Board ensure that necessary action is taken to remedy the failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the operations of the Company. There is a monitoring and reporting process to review these controls which has been in place throughout the year under review and up to the date of this report, carried out by the Manager's Risk and Quantitative Analysis Group. This accords with the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

The Company's risk register sets out the risks relevant to the Company and describes, where relevant, the internal controls that are in place at the AIFM, the Investment Manager and other third-party service providers to mitigate these risks. The Committee formally reviews this register on a semi-annual basis and the Manager as the Company's AIFM reports on any significant issues that have been identified in the period. In addition, BlackRock's internal audit department provides an annual presentation to the Audit Committee chairmen of the BlackRock investment trusts on the results of testing performed in relation to BlackRock's internal control processes. The Depositary also reviews the control processes in place at the Custodian, the Fund Accountant and the AIFM and reports formally to the Committee twice yearly. Both the AIFM and the Depositary will escalate issues and report to the Committee outside of these meetings on an ad hoc basis to the extent this is required. The Committee also receives annual and quarterly internal control reports respectively from BlackRock and BNYM as Custodian and Fund Accountant on the internal controls of their respective operations, together with the opinion of their reporting accountants.

The Board recognises that these control systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss, and relies on the operating controls established by the Manager and Custodian. The Manager prepares revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance. The Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting.

The Company does not have its own internal audit function, as all the administration is delegated to the Manager and other third-party service providers. The Board monitors the controls in place through the internal control reports and the Manager's internal audit department and feels that there is currently no need for the Company to have its own internal audit function, although this matter is kept under review.

Financial reporting

The Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements is set out on page 63, the Independent Auditor's Report on pages 66 to 72 and the statement of Going Concern on page 41.

Socially responsible investment

Generally, investment trusts do not employ staff and accordingly have no direct impact on social matters but can be significant investors in the economies of the regions in which they invest. The Company invests in the securities of large, mid and small capitalisation European companies, together with some investment in the developing markets of Europe. The Board believes that it is important to invest in companies whose boards act responsibly in respect of environmental, ethical and social issues. The Investment Manager's evaluation procedures and financial analysis of the companies within the portfolio includes research and appraisal, and also takes into account environmental policies, social, ethical and other business issues. In this regard, the European team works closely with BlackRock's Investment Stewardship team.

The Company's investment process is ESG integrated. The Investment Manager defines ESG integration as the practice of explicitly incorporating ESG information into investment decisions to help enhance risk-adjusted returns. The Investment Manager believes integrating ESG information, or sustainability considerations, is an appropriate component of their robust investment process, and have adapted their research to account for additional sources of risk and return that are explained by ESG-related information.

As part of the Investment Manager's structured investment process, ESG risks and opportunities are considered within their fundamental analysis of companies and industries. In their aim to protect capital for clients and generate them wealth in the long term the Investment Manager looks to invest in businesses which have superior return characteristics over a multi-year period. Often, these are companies which have sustainable competitive advantages and products or services which have established demand which they think will be maintained through time. The Investment Manager recognises that a business' return can be improved or eroded over the long run by a number of factors, particularly those related to ESG, and look to understand the potential for change or resilience within a business in this respect. They, therefore, aim to assess financial materiality in relation to ESG in all of their investments. To follow this process systematically, the Investment Manager looks at data insights integrated into the team's standard research templates shown in the BlackRock ESG Risk Window. The Risk Window, using MSCI data, flags any stock-specific concerns allowing investors to investigate them further. It screens for Governance, Environment and Social metrics through over 400 single data points and orders potentials risks from High to Managed. Investors also have access to other data sources such as RepRisk or Sustainalytics to complement the Risk Window.

The Investment Manager's unparalleled access to company management allows them to engage on these issues through questioning management teams and conducting site visits. They look to understand how management approaches ESG

Corporate governance statement
continued

risks and opportunities and the potential impact this may have on company financials. Further engagement is carried out by the BlackRock Investment Stewardship team (BIS), who meet with boards of companies frequently to evaluate how companies are strategically managing their longer-term issues, including those surrounding ESG. Through this combination of quantitative and qualitative assessment, the Investment Manager ensures that an understanding of our investments is thorough, reliable and up-to-date.

The Investment Manager's understanding of ESG issues is further supported by BlackRock's Sustainable Investment Team (BSI). BSI look to advance ESG research and integration, active engagement and the development of sustainable investment solutions across the firm. BlackRock believes ESG issues have real financial impacts over the long term.

The sustainable investing effort is embedded into the Investment Manager's culture from the top down as they believe that a company's ability to manage ESG matters demonstrates the leadership and good governance that is essential to sustainable growth, which is why the Investment Manager is integrating these issues into their investment process.

The understanding of ESG risk and opportunities goes beyond initial templating of an investment idea. This is a continual process where ESG insights are embedded in the ongoing assessment of risk-reward on each company the Investment Manager invests in or monitors. Their awareness of the development of ESG risks is further aided by weekly automated emails highlighting changes to MSCI ESG controversies and scores on a single stock basis. This is reviewed by analysts and any relevant changes will be discussed in the team's morning meeting.

From a portfolio management perspective, our Portfolio Managers are able to see, in Aladdin, the ESG scores of the funds they manage in comparison to its benchmark both in total, and also decomposed into the three categories, namely Environmental, Social and Governance. This specifically includes Carbon Metrics and further ESG Metrics, which are linked from numerous third-party data providers, including MSCI and Sustainalytics.

Further details on ESG and Sustainable Investing can be found in the Strategic Report on pages 37 and 38.

The Manager is a Tier 1 signatory to the UK Stewardship Code, which, among other things, sets out the responsibilities of institutional shareholders in respect of investee companies. The Manager's compliance with the UK Stewardship Code is publicly available on the BlackRock website https://www.blackrock.com/corporate/about-us/investment-stewardship. The Manager's approach to sustainable investing is detailed on the website at https://www.blackrock.com/us/individual/investment-ideas/sustainable-investing.

Bribery prevention policy
The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board has a zero tolerance policy towards bribery and a commitment to carry out business fairly, honestly and openly. The Board takes its responsibility to prevent bribery by the Company's Manager on its behalf very seriously and the Manager has anti-bribery policies and procedures in place which are high level, proportionate and risk based. The Company's service providers have been contacted in respect of their anti-bribery policies and, where necessary, contractual changes are made to existing agreements in respect of anti-bribery provisions.

Criminal Finances Act 2017
The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Communication with shareholders
All shareholders have the opportunity to attend and vote at the Annual General Meeting. The Notice of Annual General Meeting which is sent out 20 working days in advance of the Meeting sets out the business of the Meeting which is explained in the Directors' Report. Separate resolutions are proposed for substantive issues. In addition, regular updates on performance are available to shareholders on the BlackRock website and the Portfolio Managers will review the Company's portfolio and performance at the Annual General Meeting, where the Chairman of the Board and the Chairman of the Audit and Management Engagement Committee and representatives of the Manager will be available to answer shareholders' queries. Proxy voting figures will be announced to shareholders at the Annual General Meeting and will be made available on the Manager's website shortly after the meeting. In accordance with Provision 4 of the UK Code, when 20% of votes have been cast against a resolution at any general meeting, the Board will explain, when announcing the results of voting, what actions it intends to take to understand the reasons behind the vote result. An interim action statement will also be published within six months of the vote, setting out the views received from shareholders and the actions the Company has taken, and will include a summary of the feedback and actions in the next Annual Report.

The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programmes of institutional presentations made by the Investment Manager. The Board discusses with the Investment Manager at each Board meeting any feedback from meetings with shareholders and it also receives reports from its corporate broker. The Chairman and Directors are also available to meet with shareholders periodically without the Investment Manager being present. The Chairman may be contacted via the Company Secretary whose details are given on page 101. The dialogue with shareholders provides a two-way forum for canvassing the views of shareholders and enabling the Board to become aware of any issues of concern, including those relating to performance, strategy and corporate governance.

There is a section within this Annual Report entitled 'Shareholder Information', which provides an overview of useful information available to shareholders. The Company's financial statements, regular factsheets and other information are also published on the Manager's website at blackrock.com/uk/brge. The work undertaken by the auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

Packaged Retail and Insurance-Based Investment Products (PRIIPS) Regulation (The Regulation)

With effect from 1 January 2018, the European Union's PRIIPs Regulation came into force and requires that anyone manufacturing, advising on, or selling a PRIIP to retail investors in the EEA must comply with the Regulation. Shares issued by investment trusts fall into scope of the Regulation.

Investors should be aware that the PRIIPs Regulation requires the AIFM, as PRIIPs manufacturer, to prepare a key information document (KID) in respect of the Company. This KID must be made available, free of charge, to EEA retail investors prior to them making any investment decision and have been published on BlackRock's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

The PRIIPs KID in respect of the Company can be found at: www.blackrock.com/uk/brge.

Disclosure Guidance and Transparency Rules

Other information required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules has been placed in the Directors' Report on pages 39 to 46 because it is information which refers to events that have taken place during the course of the year.

By order of the Board

ERIC SANDERSON
Chairman
22 October 2020

Report of the audit and management engagement committee

As Chairman of the Company's Audit and Management Engagement Committee (the Committee) I am pleased to present the Committee's report to shareholders for the year ended 31 August 2020.

Composition

All of the Directors are members of the Committee. The Association of Investment Companies published its updated Code of Corporate Governance in February 2019 which has been endorsed by the Financial Reporting Council. It states that the Chairman of the Board should not chair the Committee but can be a member if they were independent on appointment. The Chairman of the Company is a member of the Committee to enable him to be kept fully informed of any issues which may arise. The Committee also benefits from his experience as a chartered accountant.

The Directors' biographies are given on pages 25 and 26 and the Board considers that at least one member of the Committee has competence in accounting and/or auditing and the Committee as a whole has competence relevant to the sector in which the Company operates.

Performance evaluation

Details of the evaluation of the Committee are set out in the Corporate Governance Statement on page 54.

Role and responsibilities

The Committee meets at least twice a year. The two planned meetings are held prior to the Board meetings to approve the half yearly and annual results and the Committee receives information from BlackRock's internal audit and compliance departments on a regular basis.

The Committee operates within written terms of reference detailing its scope and duties and these are available on the website at blackrock.com/uk/brge. During the year the activities of the Committee included:

Internal controls, financial reporting and risk management systems

- reviewing the adequacy and effectiveness of the Company's internal financial controls and the internal control and risk management systems;
- reasonably satisfying itself that such systems meet relevant legal and regulatory requirements;
- monitoring the integrity of the financial statements;
- reviewing the consistency of, and any changes to, accounting policies;
- reviewing the Half Yearly and Annual Report and Financial Statements to ensure that the Company's results and financial position are represented accurately and fairly to shareholders;
- evaluating the need for an internal audit function;
- reviewing semi-annual reports from the Manager on its activities as AIFM; and
- reviewing semi-annual reports from the Depositary on its activities.

Narrative reporting

- reviewing the content of the Annual Report and Financial Statements and advising the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

External audit

- making recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting in relation to the appointment, re-appointment and removal of the Company's external auditors;
- reviewing the scope, execution, results, cost effectiveness, independence and objectivity of the external auditor;
- reviewing and approving the audit and non-audit fees payable to the external auditor and the terms of its engagement;
- reviewing and approving the external auditor's plan for the following financial year, with a focus on the identification of areas of audit risk and consideration of the appropriateness of the level of audit materiality adopted;
- reviewing the efficiency of the external audit process and the quality of the audit engagement partner and the audit team, and making a recommendation with respect to the reappointment of the auditor;
- reviewing the role of the Manager and third-party service providers in an effective audit process;
- considering the quality of the formal audit report to shareholders; and
- overseeing the relationship with the external auditor.

Management engagement

- reviewing the investment management agreement to ensure the terms remain competitive;
- satisfying itself that the continuing appointment of the Manager is in the interests of shareholders as a whole; and
- considering the remuneration of the Manager and other service providers.

Third-party service providers

- considering the appointment of other third-party service providers; and

- ensuring that third party service providers comply with the terms of their agreements and that the provisions of such agreements remain competitive.

Reporting responsibilities

- reporting to the Board on its proceedings and how it has discharged its responsibilities, making whatever recommendations it deems appropriate on any area within its remit; and
- compiling a report on its activities to be included in the Annual Report and Financial Statements.

Internal audit

- considering the need for an internal audit function, as set out in the Corporate Governance Statement on page 55 and below.

The fees paid to the external auditor are set out in note 5 of the Financial Statements. An explanation of how auditor objectivity and independence is safeguarded is reported under 'Assessment of the effectiveness of the external audit process' on page 61.

Whistleblowing policy

The Committee has reviewed and accepted the 'whistleblowing' policy that has been put in place by BlackRock under which its staff, in confidence, can raise concerns about possible improprieties in matters of financial reporting or other matters, insofar as they affect the Company.

Internal audit

The Company does not have its own internal audit function, as all administration is delegated to the Manager. The Board considers that it is sufficient to rely on the internal audit function of BlackRock. The requirement for an internal audit function is kept under review. The external auditor obtains an understanding of the internal controls in place at both the Manager and Fund Accountant by analysing the relevant internal control reports issued by their independent auditors.

Non-audit services

The Company's policy on permitted audit related and non-audit services is set out in full in the Committee's terms of reference which are available on the website at blackrock.com/uk/brge. In the years to 31 August 2020 and 31 August 2019, the auditor did not provide any audit related or non-audit services to the Company.

Significant issues considered regarding the Annual Report and Financial Statements

During the year, the Committee considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements. The table overleaf sets out the key areas of risk identified by the Committee and also explains how these were addressed.

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Company's Investment Manager, which sub-delegates fund accounting and the provision of depositary services to The Bank of New York Mellon (International) Limited (BNYM), the Committee has also reviewed the internal control reports prepared by BlackRock and BNYM to ensure that the relevant control procedures are in place to cover these areas of risk as identified in the table and are adequate and appropriate and have been confirmed as operating effectively by their reporting auditors.

Report of the audit and management engagement committee continued

Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio.	Listed investments are valued using stock exchange prices from third party vendors. The Board reviews detailed portfolio valuations at each of its Board meetings and receives confirmation from the Manager that the pricing basis is appropriate, in line with relevant accounting standards as adopted by the Company, and that the carrying values are materially correct. The Board also relies on the Manager's and fund accountant's controls which are documented in their internal controls report which is reviewed by the Committee.
The risk of misappropriation of assets and unsecured ownership of investments.	The Depositary is responsible for financial restitution for the loss of financial investments held in custody. The Depositary reports to the Committee on a twice-yearly basis. The Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported by the Manager to the Committee. The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
The accuracy of the calculation of management fees.	The management fee is calculated in accordance with the contractual terms in the investment management agreement by the fund accountants and is reviewed in detail by the Manager and are also subject to analytical review by the Board.
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income.	The Committee reviews income forecasts, including special dividends, and receives explanations from the Manager for any variations or significant movements from previous forecasts and prior year numbers.
The risk that the global economic disruption caused by COVID-19 will affect the Company's ability to continue in operation due to the impact on market valuations of portfolio companies or the ability of key service providers (including the Manager, the Depositary, the Custodian, the Fund Accountant and Broker) to maintain business continuity and continue to provide appropriate service levels.	The Committee has reviewed the impact of the recent market volatility related to the COVID-19 pandemic on the Company's portfolio and received regular reports from the Portfolio Managers. The Committee has also reviewed portfolio liquidity and updated revenue and expense forecasts in light of COVID-19 and its impact on portfolio liquidity, income and market valuations and considers that the Company's business model remains viable and that the Company has sufficient resources to continue in operation and to meet all liabilities as they fall due. The Committee has reviewed the Company's borrowing facility and considers that the Company continues to meet its financial covenants in respect of this facility and has a wide margin before any relevant threshold is reached. The Committee keeps the Company's principal risks and uncertainties under review and is confident that the Company has appropriate controls and processes in place to manage these risks and to maintain its operating model despite the challenges posed by COVID-19. The Committee has also received updates from key service providers in respect of their business continuity plans and is confident that they will be able to continue to provide a good level of service for the foreseeable future.

Auditor and audit tenure

The Committee reviews the performance of the auditor on an annual basis, taking into consideration the services and advice provided to the Company and the fees charged for these services. The last formal tender for audit services was conducted in October 2015 and Ernst & Young LLP (EY) was successful in retaining the audit. Mrs Susan Dawe has been the Company's audit partner since that date and she will be replaced by Mr Matt Price following the financial year end.

The Committee, in conjunction with the Board, is committed to reviewing the auditor's appointment on an annual basis to ensure that the Company is receiving an optimal level of service. In addition, even if no change is made to the audit firm appointed, the audit partner changes at least every five years.

There are no contractual obligations that restrict the Company's choice of auditor. The Committee is mindful of the EU audit legislation which requires the rotation of long-serving auditors. The Company will be mandatorily required to change its auditors by no later than 2025.

Assessment of the effectiveness of the external audit process

To assess the effectiveness of the external audit, members of the Committee work closely with the Manager to obtain a good understanding of the progress and efficiency of the audit. The Committee has adopted a formal framework in its review of the effectiveness of the external audit process and audit quality. This includes a review of the following areas:

- the quality of the audit engagement partner and the audit team;
- the expertise of the audit firm and the resources available to it;
- identification of areas of audit risk;
- planning, scope and execution of the audit;
- consideration of the appropriateness of the level of audit materiality adopted;
- the role of the Committee, the Manager and third-party service providers in an effective audit process;
- communications by the auditor with the Committee;
- how the auditor supports the work of the Committee and how the audit contributes added value;
- policies and procedures to pre-approve and monitor non-audit services including gifts and hospitality;
- the independence and objectivity of the audit firm; and
- the quality of the formal audit report to shareholders.

Feedback in relation to the audit process and also the effectiveness of the Manager in performing its role is also sought from relevant involved parties, notably the audit partner and team. The external auditor is invited to attend the Committee meetings at which the half yearly and annual financial statements are considered and at which they have the opportunity to meet with the Committee without representatives of the Manager or Investment Manager being present.

The effectiveness of the Committee and the Manager in the external audit process is assessed principally in relation to the timely identification and resolution of any process errors or control breaches that might impact the Company's net asset values and accounting records. It is also assessed by reference to how successfully any issues in respect of areas of accounting judgement are identified and resolved, the quality and timeliness of papers analysing these judgements, the Board and the Manager's approach to the value of the independent audit and the booking of any audit adjustments arising, and the timely provision of draft public documents for review by the auditor and the Committee.

To form a conclusion with regard to the independence of the external auditor, the Committee considers whether the skills and experience of the auditor make them a suitable supplier of any non-audit services and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of any such services. On an annual basis, EY review the independence of their relationship with the Company and report to the Committee, providing details of any other relationship with the Manager. As part of this review, the Committee also receives information about policies and processes for maintaining independence and monitoring compliance with relevant requirements from the Company's auditor, including information on the rotation of audit partners and staff, the level of fees that the Company pays in proportion to the overall fee income of the firm, and the level of related fees, details of any relationships between the audit firm and its staff and the Company, as well as an overall confirmation from the auditor of their independence and objectivity.

As a result of its review, the Committee has concluded that the external audit has been conducted effectively and also that EY is independent of the Company and the Manager.

Conclusions in respect of the Annual Report and Financial Statements

The production and the audit of the Company's Annual Report and Financial Statements is a comprehensive process requiring input from a number of different contributors. In order to reach a conclusion that the Annual Report and Financial Statements are fair, balanced and understandable, the Board has requested that the Committee advise on whether these criteria are satisfied. In so doing, the Committee has given consideration to the following:

- the comprehensive control framework over the production of the Annual Report and Financial Statements, including the verification processes in place to deal with the factual content;
- the extensive levels of review that are undertaken in the production process by the Manager, the Depositary and the third-party service providers responsible for accounting services and the Committee;
- the controls that are in place at the Manager and other third-party service providers to ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets; and
- the existence of satisfactory internal control reports that have been reviewed and reported on by external auditors to verify the effectiveness of the internal controls of the Manager, Depositary, Custodian and Fund Accountants.

Report of the audit and management engagement committee continued

In addition to the work outlined above, the Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they are fair, balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements.

PETER BAXTER
Chairman
Audit and Management Engagement Committee
22 October 2020

Statement of Directors’ responsibilities in respect of the annual report and financial statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of each financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies in accordance with United Kingdom Generally Accepted Accounting Practice and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, the Directors’ Report, the Directors’ Remuneration Report, the Corporate Governance Statement and the Report of the Audit and Management Engagement Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules. The Directors have delegated responsibility to the Manager for the maintenance and integrity of the Company’s corporate and financial information included on the BlackRock website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

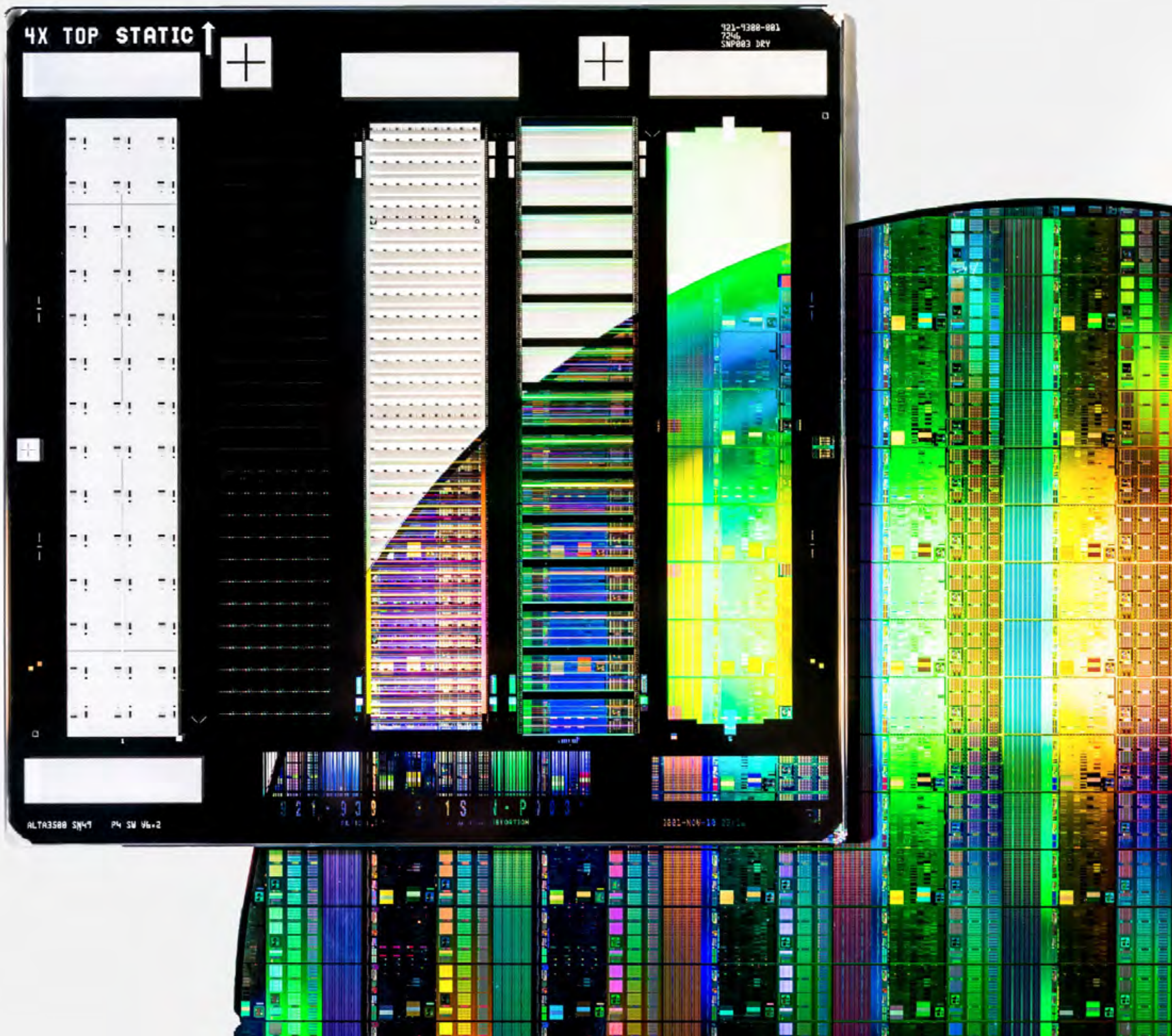
Each of the Directors at the date of this report, whose names are listed on pages 25 and 26, confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report contained in the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The 2018 UK Corporate Governance Code also requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee’s Report on pages 58 to 62. As a result, the Board has concluded that the Annual Report for the year ended 31 August 2020, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s position, performance, business model and strategy.

For and on behalf of the Board

ERIC SANDERSON
Chairman
22 October 2020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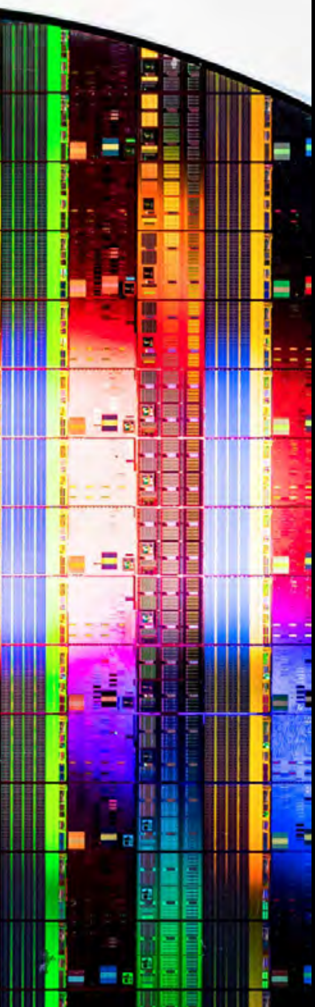

Financial statements

Once again, semiconductor industry specialist ASML was among the top contributors to performance for the year. We believe the company's leadership in research and development and unmatched innovation will continue to see it dominate its market segment.

PHOTO COURTESY OF ASML

Independent auditor’s report

to the members of BlackRock Greater Europe Investment Trust plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BlackRock Greater Europe Investment Trust plc (“the Company”) for the year ended 31 August 2020 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company’s affairs as at 31 August 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 on page 71. We are independent of the Company 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 as applied to public interest entities, 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.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 29 to 32 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors’ confirmation set out on page 29 in the Annual Report that they have carried out a robust assessment of the emerging and principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors’ statement set out on pages 41 and 63 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity’s ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors’ statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors’ explanation set out on page 32 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our audit approach

Key audit matters	• Incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement. • Incorrect valuation and/or defective title to the investment portfolio. • Impact of COVID-19.
Materiality	• Overall materiality of £3.88m (2019: £3.38m) which represents 1% (2019: 1%) of net assets.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
Incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement (as described on page 60 in the Report of the Audit and Management Engagement Committee and as per the accounting policy set out on page 77). The total income from investments received for the year to 31 August 2020 was £4.84m (2019: £5.93m), consisting primarily of dividend income from overseas listed investments. During the year, the Company received one special dividend amounting to £0.06m which was classified as revenue. The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete and/or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.	*We performed the following procedures:* We obtained an understanding of The Bank of New York Mellon (International) Limited ("BNYM") and BlackRock Fund Managers Limited ("the Manager") processes and controls surrounding revenue recognition and classification of special dividends by reviewing their internal controls reports and performing our walkthrough procedures. For the classification of special dividends, we also evaluated the design and implementation of controls. We agreed a sample of dividends received as noted in the income report to the corresponding announcement made by the investee company. We recalculated the dividend income by multiplying the investment holdings at the XD date, traced from the accounting records, by the dividend per share as agreed to an external source. We traced the sample of dividends received to the bank statements, and where applicable, we also agreed the exchange rates to an external source. To test completeness of ordinary and special dividends, we agreed all dividends received on investments held from an independent data vendor to the income recorded by the Company. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31 August 2020. We agreed the dividend rate to corresponding announcements made by the investee company and recalculated the dividend amount receivable. Recognising that a number of companies have responded to the COVID-19 pandemic by cancelling or altering their dividend payments, we have reviewed the recoverability of accrued dividend income.	*What we reported to the Audit and Management Engagement Committee:* The results of our procedures identified no material misstatement in relation to incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement. Based on the work performed we had no matters to report to the Audit and Management Engagement Committee.

Independent auditor's report

continued

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
	For all accrued dividends received subsequent to the year end, we confirmed the accrued dividend income was consistent with cash received as shown on post year end bank statements. We assessed the appropriateness of the Company's classification of the special dividend as revenue with reference to publicly available information.	
Incorrect valuation and/or defective title to the investment portfolio (as described on page 60 in the Report of the Audit and Management Engagement Committee and as per the accounting policy set out on page 78). The valuation of the portfolio is £409.80m (2019: £340.81m) consisting of listed equity investments. The valuation of the instruments held in the investment portfolio is the key driver of the Company's net asset value and investment return. Incorrect asset pricing or a failure to maintain proper legal title of assets by the Company could have a significant impact on the portfolio valuation and, therefore, the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at the reporting date.	*We performed the following procedures:* We obtained an understanding of BNYM's process surrounding investment pricing and the portfolio's liquidity by reviewing their internal control reports and performing our walkthrough procedures. For all investments in the portfolio, we compared the market prices and exchange rates applied to a relevant independent pricing vendor and recalculated the fair value as at the year-end. We inspected the stale pricing reports produced by the Administrator to identify prices that have not changed and verified whether the listed price is a valid fair value. We also obtained the Manager's assessment of the liquidity of the investment portfolio in light of COVID-19 and performed an independent evaluation of the investment portfolio's liquidity through analysing the trading volume of the investments obtained from an external data vendor, where available. We compared the Company's investment holdings at 31 August 2020 to independent confirmations received directly from the Company's Custodian and Depositary, The Bank of New York Mellon (International) Limited, testing any reconciling items to supporting documentation.	*What we reported to the Audit and Management Engagement Committee:* The results of our procedures identified no material misstatement in relation to incorrect valuation and/or defective title to the investment portfolio. Based on the work performed we had no matters to report to the Audit and Management Engagement Committee.

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
Impact of COVID-19 (as described on pages 31 and 32 in the Strategic Report, page 60 in the Report of the Audit and Management Engagement Committee and as per the accounting policy set out on page 77). The COVID-19 pandemic has adversely impacted global commercial activity and contributed to significant volatility in global equity and debt markets. As of the date of our audit report, the full extent of the future impact remains uncertain. This longer term uncertainty had an impact on our risk assessment and, as a result, on our audit of the financial statements. The COVID-19 pandemic had the most significant impact on our audit of the financial statements in the following areas: *Going concern* There is increased uncertainty in certain of the assumptions underlying the Directors' assessment of future prospects, which includes the ability of the Company to meet debt covenants and to fund ongoing costs. *Financial statement disclosures* There is a risk that the impact of COVID-19 is not adequately described in the financial statements.	*We performed the following procedures:* Going concern We obtained and reviewed the Director's assessment of going concern, which includes consideration of the impact of COVID-19, and challenged the assumptions made in the preparation of the assessment. We reviewed the revenue and expenses forecast, which takes account of the impact COVID-19 may have on the Company and which supports the Directors' assessment of going concern and challenged the assumptions made by the Manager in the preparation of the forecast. We inspected the Directors' assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We confirmed through discussion with the Company Secretary and the Directors that they are in close contact with key service providers and that Business Continuity Plans are in place with no significant deterioration of service being experienced. *Financial statement disclosures* We reviewed the adequacy of the going concern disclosures by evaluating whether they were consistent with the Directors' assessment. We reviewed the disclosures for compliance with the reporting requirements.	*What we reported to the Audit and Management Engagement Committee:* As a result of our procedures, we have determined that the Directors' conclusion that there is no material uncertainty relating to going concern is appropriate. We have reviewed the disclosures relating to going concern and determined that they are appropriate.

We re-assessed the risks determined in the prior year and, due to the uncertainty in global markets caused by the COVID-19 pandemic, we revised our risk assessment to include the Key Audit Matter 'Impact of COVID-19'. Our other Key Audit Matters are unchanged from the prior year.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

Independent auditor's report

continued

We determined materiality for the Company to be £3.88m (2019: £3.38m), which is 1% (2019: 1%) of net assets of the Company. We believe that net assets provide us with the most important metric on which shareholders would judge the performance of the Company.

During the course of our audit, we reassessed initial materiality and found no reason to alter the basis of calculation used at year-end.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £2.91m (2019: £2.54m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we have also applied a separate testing threshold of £0.20m (2019: £0.23m) for the revenue column of the Income Statement, being 5% of the net profit on ordinary activities before taxation.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Management Engagement Committee that we would report to them all uncorrected audit differences in excess of £0.19m (2019: £0.17m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 63 and 96 to 106, other than the financial statements and our auditor's report thereon. The Directors are 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 63 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- Audit and Management Engagement Committee reporting set out on pages 58 to 62 – the section describing the work of the Audit and Management Engagement Committee does not appropriately address matters communicated by us to the Audit and Management Engagement Committee; or

- Directors' statement of compliance with the UK Corporate Governance Code set out on pages 52 to 57 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and Directors' Reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements set out on page 63, the Directors are 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 Directors determine 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 Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations, or have 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the AIC Code and section 1158 of the Corporation Tax Act 2010.
- We understood how BlackRock Greater Europe Investment Trust plc is complying with those frameworks through discussions with the Audit and Management Engagement Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete and/or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.
- We have reviewed that the Company's control environment is adequate for the size and operating model of such a listed investment Company.

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.

Independent auditor's report

continued

Other matters we are required to address

- We were appointed by the Company on 10 June 2004 to audit the financial statements for the year ending 31 October 2004 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 17 years, covering periods from our appointment through to the period ending 31 August 2020.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit and Management Engagement Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

SUSAN DAWE (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor

London
22 October 2020

Notes:
1. The maintenance and integrity of the BlackRock Greater Europe Investment Trust plc web site is the responsibility of BlackRock; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Contents

Income statement

for the year ended 31 August 2020

	Notes	Revenue 2020 £'000	Revenue 2019 £'000	Capital 2020 £'000	Capital 2019 £'000	Total 2020 £'000	Total 2019 £'000
Gains on investments held at fair value through profit or loss	10	–	–	54,642	17,320	54,642	17,320
Losses on foreign exchange		–	–	(2,088)	(315)	(2,088)	(315)
Income from investments held at fair value through profit or loss	3	4,682	5,924	–	–	4,682	5,924
Other income	3	96	2	–	–	96	2
Total income		4,778	5,926	52,554	17,005	57,332	22,931
Expenses							
Investment management fee	4	(585)	(531)	(2,340)	(2,122)	(2,925)	(2,653)
Other operating expenses	5	(566)	(710)	(8)	(25)	(574)	(735)
Total operating expenses		(1,151)	(1,241)	(2,348)	(2,147)	(3,499)	(3,388)
Net profit on ordinary activities before finance costs and taxation		3,627	4,685	50,206	14,858	53,833	19,543
Finance costs written back/(expense)	6	237	(40)	(120)	(25)	117	(65)
Net profit on ordinary activities before taxation		3,864	4,645	50,086	14,833	53,950	19,478
Taxation credit/(charge)	7	1,912	(485)	–	–	1,912	(485)
Net profit on ordinary activities after taxation	9	5,776	4,160	50,086	14,833	55,862	18,993
Earnings per ordinary share (pence)	9	6.85	4.87	59.36	17.35	66.21	22.22

The total column of this statement represents the Company's profit and loss account. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. All income is attributable to the equity holders of the Company.

The net profit on ordinary activities for the year disclosed above represents the Company's total comprehensive income.

The notes on pages 77 to 93 form part of these financial statements.

Statement of changes in equity

for the year ended 31 August 2020

	Notes	Called up share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 31 August 2020							
At 31 August 2019		110	130	48,845	279,255	10,102	338,442
Total comprehensive income:							
Net profit for the year		–	–	–	50,086	5,776	55,862
Transaction with owners, recorded directly to equity:							
Ordinary shares purchased into treasury	13	–	–	(1,498)	–	–	(1,498)
Share purchase costs	13	–	–	(8)	–	–	(8)
Dividends paid[1]	8	–	–	–	–	(4,937)	(4,937)
At 31 August 2020		110	130	47,339	329,341	10,941	387,861

	Notes	Called up share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 31 August 2019							
At 31 August 2018		110	130	54,869	264,422	10,888	330,419
Total comprehensive income:							
Net profit for the year		–	–	–	14,833	4,160	18,993
Transaction with owners, recorded directly to equity:							
Ordinary shares purchased into treasury		–	–	(2,520)	–	–	(2,520)
Tender offers into treasury		–	–	(3,477)	–	–	(3,477)
Share purchase and tender costs		–	–	(70)	–	–	(70)
Share purchase and tender costs written back		–	–	43	–	–	43
Dividends paid[2]	8	–	–	–	–	(4,946)	(4,946)
At 31 August 2019		110	130	48,845	279,255	10,102	338,442

[1] Interim dividend paid in respect of the year ended 31 August 2020 of 1.75p per share was declared on 27 April 2020 and paid on 10 June 2020. Final dividend paid in respect of the year ended 31 August 2019 of 4.10p per share was declared on 22 October 2019 and paid on 10 December 2019.

[2] Interim dividend paid in respect of the year ended 31 August 2019 of 1.75p per share was declared on 1 May 2019 and paid on 31 May 2019. Final dividend paid in respect of the year ended 31 August 2018 of 4.00p per share was declared on 24 October 2018 and paid on 10 December 2018.

For information on the Company's distributable reserves please refer to note 14 on page 85.

The notes on pages 77 to 93 form part of these financial statements.

Balance sheet

as at 31 August 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	409,802	340,814
Current assets			
Debtors	11	1,871	1,702
Cash and cash equivalents		141	268
Total current assets		2,012	1,970
Creditors – amounts falling due within one year			
Bank overdraft		(21,817)	(173)
Other creditors	12	(2,136)	(4,169)
Total current liabilities		(23,953)	(4,342)
Net current liabilities		(21,941)	(2,372)
Net assets		387,861	338,442
Capital and reserves			
Called up share capital	13	110	110
Capital redemption reserve	14	130	130
Special reserve	14	47,339	48,845
Capital reserves	14	329,341	279,255
Revenue reserve	14	10,941	10,102
Total shareholders' funds		387,861	338,442
Net asset value per ordinary share (pence)	9	459.97	399.52

The financial statements on pages 73 to 93 were approved and authorised for issue by the Board of Directors on 22 October 2020 and signed on its behalf by Eric Sanderson, Chairman.

BlackRock Greater Europe Investment Trust plc

Registered in England, No. 5142459

The notes on pages 77 to 93 form part of these financial statements.

Statement of cash flows

for the year ended 31 August 2020

	Notes	2020 £'000	2019 £'000
Operating activities			
Net profit on ordinary activities before taxation		53,950	19,478
Add back finance costs (written back)/expense		(117)	65
Gains on investments held at fair value through profit or loss		(54,642)	(17,320)
Losses on foreign exchange		2,088	315
Sales of investments held at fair value through profit or loss		121,281	127,363
Purchase of investments held at fair value through profit or loss		(135,627)	(114,096)
(Increase)/decrease in debtors		(351)	96
(Decrease)/increase in creditors		(872)	1,825
Taxation on investment income		(653)	(383)
Interest paid		(150)	(65)
Refund of UK corporation tax		1,461	–
Refund/(deduction) of withholding tax reclaims		392	(266)
Net cash (used in)/generated from operating activities		(13,240)	17,012
Financing activities			
Ordinary shares purchased into treasury		(1,498)	(2,520)
Tender offer into treasury		–	(3,477)
Share purchase and tender costs		(8)	(70)
Dividends paid	8	(4,937)	(4,946)
Net cash used in financing activities		(6,443)	(11,013)
(Decrease)/increase in cash and cash equivalents		(19,683)	5,999
Cash and cash equivalents at the start of the year		95	(5,589)
Effect of foreign exchange rate changes		(2,088)	(315)
Cash and cash equivalents at the end of the year		(21,676)	95
Comprised of:			
Cash at bank		141	268
Bank overdraft		(21,817)	(173)
		(21,676)	95

The notes on pages 77 to 93 form part of these financial statements.

Notes to the financial statements

for the year ended 31 August 2020

1. Principal activity

The principal activity of the Company is that of an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010.

2. Accounting policies

The principal accounting policies adopted by the Company are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the revised Statement of Recommended Practice – 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP) issued by the Association of Investment Companies (AIC) in October 2019, and the provisions of the Companies Act 2006.

The financial statements have been prepared on a going concern basis. The Directors have considered any potential impact of COVID-19 pandemic and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience on the going concern of the Company. The Directors have reviewed compliance with the covenants associated with the bank overdraft facility, income and expense projections and the liquidity of the investment portfolio in making their assessment.

The revised SORP issued in October 2019 is applicable for accounting periods beginning on or after 1 January 2019. As a result, the gain arising from disposals of investments of £21,750,000 (2019: gain of £987,000) and gain on revaluation of investments of £32,892,000 (2019: gain of £16,333,000) have now been combined, as shown in note 10 to the financial statements. The result of this change in presentation has no impact on the net asset value or total return for both the current year and prior year. No other accounting policies or disclosures have changed as a result of the revised SORP.

The principal accounting policies adopted by the Company are set out below. Unless specified otherwise, the policies have been applied consistently throughout the year and are consistent with those applied in the preceding year. All of the Company's operations are of a continuing nature.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance. The Directors do not believe that any accounting judgements or estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

The Company's financial statements are presented in sterling, which is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

(b) Presentation of Income Statement

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and a capital nature has been presented alongside the Income Statement.

(c) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.

(d) Income

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provisions are made for dividends not expected to be received.

Special dividends are recognised on an ex-dividend basis and treated as capital or revenue depending on the facts or circumstances of each dividend.

Dividends are accounted for in accordance with Section 29 of FRS 102 on the basis of income actually receivable, without adjustment for tax credits attaching to the dividend. Dividends from overseas companies continue to be shown gross of withholding tax.

Deposit interest receivable is accounted for on an accruals basis.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the cash equivalent of the dividend is recognised as revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

(e) Expenses

All expenses, including finance costs, are accounted for on an accruals basis. Expenses have been charged wholly to the revenue column of the Income Statement, except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital. Details of transaction costs on the purchases and sales of investments are disclosed in note 10, on page 84;
- expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated; and
- the investment management fee and finance costs have been allocated 80% to the capital column and 20% to the revenue column of the Income Statement in line with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

Notes to the financial statements

continued

2. Accounting policies continued

(f) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the balance sheet date. The current tax effect of different items of expenditure is allocated between capital and revenue on the marginal basis using the Company's effective rate of corporation tax for the accounting period.

Deferred taxation is recognised in respect of all timing differences at the financial reporting date, where transactions or events that result in an obligation to pay more taxation in the future or right to less taxation in the future have occurred at the balance sheet date. Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the timing differences can be deducted.

(g) Investments held at fair value through profit or loss

The Company's investments are classified as held at fair value through profit or loss in accordance with Sections 11 and 12 of FRS 102 and are managed and evaluated on a fair value basis in accordance with its investment strategy.

All investments are classified upon initial recognition as held at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. Sales are recognised at the trade date of the disposal and the proceeds are measured at fair value, which is regarded as the proceeds of the sale less any transaction costs.

The fair value of the financial investments is based on their quoted bid price at the balance sheet date on the exchange on which the investment is quoted, without deduction for the estimated future selling costs.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as 'Gains or losses on investments held at fair value through profit or loss'. Also included within this heading are transaction costs in relation to the purchase or sale of investments.

The fair value hierarchy consists of the following three levels:

Level 1 – Quoted market price for identical instruments in active markets.

Level 2 – Valuation techniques using observable inputs.

Level 3 – Valuation techniques using significant unobservable inputs.

(h) Debtors

Debtors include sales for future settlement, other debtors and pre-payments and accrued income in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(i) Creditors

Creditors include purchases for future settlements, interest payable, share buyback costs and accruals in the ordinary course of business. Creditors are classified as creditors – amounts due within one year if payment is due within one year or less. If not, they are presented as creditors – amounts due after more than one year.

(j) Dividends payable

Under Section 32 of FRS 102, final dividends should not be accrued in the financial statements unless an obligation exists at the end of the reporting period. Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they have been approved by shareholders and have become a liability of the Company. Interim dividends are only recognised in the financial statements in the period in which they are paid.

(k) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits. Cash equivalents include bank overdrafts repayable on demand and short-term, highly liquid investments, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(l) Foreign currency translation

In accordance with Section 30 of FRS 102, the Company is required to nominate a functional currency being the currency in which the Company predominately operates. The functional and reporting currency is sterling, reflecting the primary economic environment in which the Company operates. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling on the date of the transaction. Foreign currency monetary assets and liabilities and non-monetary assets held at fair value are translated into sterling at the rates of exchange ruling at the balance sheet date. Profits and losses thereon are recognised in the capital column of the Income Statement and taken to the capital reserve.

(m) Shares repurchased/tendered and held in treasury

The full cost of shares repurchased/tendered and held in treasury can be charged to either capital reserves or the special reserve.

(n) Bank borrowings

Bank overdrafts are recorded as the proceeds received. Finance charges are accounted for on an accruals basis in the Income Statement.

3. Income

	2020 £'000	2019 £'000
Investment income:		
UK dividends	472	345
Overseas dividends	4,147	5,441
Overseas special dividends	63	138
	4,682	5,924
Other income:		
Bank interest	–	2
Interest on corporation tax refund	80	–
Interest on withholding tax reclaims	16	–
	96	2
Total income	**4,778**	**5,926**

Dividends and interest received in cash during the period amounted to £3,651,000 and £nil respectively (2019: £5,062,000 and £2,000).

No special dividends have been recognised in capital during the year (2019: £nil).

4. Investment management fee

	Revenue	Capital	2020 Total	Revenue	Capital	2019 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management fee	585	2,340	2,925	531	2,122	2,653
Total	**585**	**2,340**	**2,925**	**531**	**2,122**	**2,653**

The investment management fee is levied quarterly, based on 0.85% per annum of net asset value on the last day of each month. The investment management fee is allocated 80% to capital reserves and 20% to the revenue reserve.

Notes to the financial statements

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5. Other operating expenses

	2020 £'000	2019 £'000
Allocated to revenue:		
Broker fees	48	49
Custody fees	50	44
Depositary fees	36	41
Audit fees	34	29
Legal fees	24	30
Registrars' fees	80	80
Directors' emoluments[1]	131	130
Marketing fees	111	103
Postage and printing fees	64	38
Tax agent fees	36	36
AIC fees	26	25
Professional fees	15	16
Write back of prior year expenses	(156)	–
Other administration costs	67	89
	566	**710**
Allocated to capital:		
Custody transaction costs	8	25
	574	**735**
The Company's ongoing charges[2], calculated as a percentage of average daily net assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items were:	1.01%	1.08%

[1] Further information on Directors' emoluments can be found in the Directors' Remuneration Report on page 48.

[2] Alternative performance measure, see Glossary on pages 104 to 106.

6. Finance costs

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank overdraft	30	120	150	6	25	31
Interest on Cash Fund[1]	–	–	–	12	–	12
Interest accrued - Corporation tax	12	–	12	22	–	22
Write back of interest accrued on corporation tax liability (note 7 (c))	(279)	–	(279)	–	–	–
	(237)	**120**	**(117)**	**40**	**25**	**65**

[1] Due to negative interest rates being applicable in certain jurisdictions, interest is payable on balances held in the BlackRock Institutional Cash Series - Euro Liquid Environmentally Aware Fund (Cash Fund). As the interest does not relate to borrowings, it has been allocated to the revenue account only.

Finance costs for the Company, insofar as they relate to the financing of the Company's investments, are charged 20% to the revenue column and 80% to the capital column of the Income Statement.

7. Taxation

(a) Analysis of charge in year

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas tax suffered	443	–	443	485	–	485
Prior years UK corporation tax adjustment (note 7 (c))	(2,355)	–	(2,355)	–	–	-
Total taxation (credit)/charge (note 7 (b))	**(1,912)**	**–**	**(1,912)**	**485**	**–**	**485**

(b) Factors affecting total tax (credit)/charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a large company of 19.00% (2019: 19.00%). The differences are explained below.

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit on ordinary activities before taxation	3,864	50,086	53,950	4,645	14,833	19,478
Profit on ordinary activities multiplied by standard rate of 19.00% (2019: 19.00%)	734	9,516	10,250	883	2,818	3,701
Effects of:						
Overseas tax suffered	443	–	443	485	–	485
Exchange loss not taxable	–	397	397	–	60	60
Overseas dividends not subject to tax	(698)	–	(698)	(1,001)	–	(1,001)
UK corporation tax - prior year adjustment	(2,355)	–	(2,355)	–	–	–
UK dividends not subject to tax	(90)	–	(90)	(66)	–	(66)
Movement in management expenses not utilised/ recognised	65	467	532	183	403	586
Non-trade loan relationship deficit not utilised/ recognised	–	–	–	9	5	14
Expense relief for overseas tax	(11)	–	(11)	(8)	–	(8)
Disallowed expenses	–	2	2	–	4	4
Capital gains not taxable	–	(10,382)	(10,382)	–	(3,290)	(3,290)
Total taxation (credit)/charge (note 7(a))	**(1,912)**	**–**	**(1,912)**	**485**	**–**	**485**

At 31 August 2020 the Company had net surplus management expenses of £29.9 million (2019: £27.0 million) and a non-trade loan relationship deficit of £0.6 million (2019: £0.6 million) giving total unutilised losses of £30.5 million (2019: £27.6 million). A deferred tax asset has not been recognised in respect of these losses because the Company is not expected to generate taxable income in the future in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing expenses or loan relationship deficits. There was an unrecognised deferred tax asset of £5.8 million at the financial reporting date (2019: £4.7 million).

(c) UK Corporation Tax refund

The Company received a corporation tax repayment of £1.5 million from Her Majesty Revenue & Customs (HMRC) in the period. The refund related to corporation tax paid with respect to the years ended 2007, 2008 and 2009 and was issued as HMRC agreed that the Company was entitled to claim credit relief for the underlying tax associated with overseas dividends received in those periods. The entitlement to claim credit relief for underlying tax enabled the Company to release a related accounting provision for corporation tax liability of £0.9 million and interest accrual thereon of £0.3 million. The £1.5 million tax refund and the release of the £0.9 million provision generate the corporation tax prior years adjustment credit of £2,355,000.

Notes to the financial statements
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8. Dividends

Dividends paid on equity shares	Record date	Payment date	2020 £'000	2019 £'000
2018 Final dividend of 4.00p	2 November 2018	10 December 2018	–	3,458
2019 Interim dividend of 1.75p	10 May 2019	31 May 2019	–	1,488
2019 Final dividend of 4.10p	1 November 2019	10 December 2019	3,461	–
2020 Interim dividend of 1.75p	15 May 2020	10 June 2020	1,476	–
			4,937	4,946

The Directors have proposed a final dividend of 4.40p per share in respect of the year ended 31 August 2020. The dividend will be paid on 9 December 2020, subject to shareholders' approval on 1 December 2020, to shareholders on the Company's register on 30 October 2020. The proposed final dividend has not been included as a liability in these financial statements, as final dividends are only recognised in the financial statements when they have been approved by shareholders.

The total dividends payable in respect of the year which form the basis of determining retained income for the purpose of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amount proposed for the year ended 31 August 2020, meet the relevant requirements as set out in this legislation.

Dividends paid or proposed or declared on equity shares	2020 £'000	2019 £'000
Interim paid of 1.75p (2019: 1.75p)	1,476	1,488
Final proposed of 4.40p* (2019: 4.10p)	3,710	3,461
	5,186	4,949

* Based on 84,323,101 ordinary shares (excluding treasury shares) in issue on 22 October 2020.

All dividends paid or payable are distributed from the Company's revenue profits.

9. Earnings and net asset value per ordinary share

Revenue, capital earnings and net asset value per ordinary share are shown below and have been calculated using the following:

	2020	2019
Net revenue profit attributable to ordinary shareholders (£'000)	5,776	4,160
Net capital profit attributable to ordinary shareholders (£'000)	50,086	14,833
Total profit attributable to ordinary shareholders (£'000)	**55,862**	**18,993**
Total shareholders' funds (£'000)	**387,861**	**338,442**
Earnings per share		
The weighted average number of ordinary shares in issue during the year on which the earnings per ordinary share was calculated was:	84,368,978	85,459,456
The actual number of ordinary shares in issue at the end of the year on which the net asset value was calculated was:	84,323,101	84,713,101
Calculated on weighted average number of ordinary shares		
Revenue profit (pence)	6.85	4.87
Capital profit (pence)	59.36	17.35
Total (pence)	**66.21**	**22.22**

	As at 31 August 2020	As at 31 August 2019
Net asset value per share (pence)	459.97	399.52
Ordinary share price (pence)	447.00	385.00

There were no dilutive securities at the year end.

Notes to the financial statements
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10. Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Valuation of listed investments at 31 August	409,802	340,814
Opening book cost of equity investments	263,558	275,909
Investment holding gains	77,256	60,923
Opening fair value	340,814	336,832
Analysis of transactions made during the year:		
Purchases at cost	135,627	114,024
Sales proceeds received	(121,281)	(127,362)
Gains on investments	54,642	17,320
Closing fair value	409,802	340,814
Closing book cost of equity investments	299,654	263,558
Closing investment holding gains	110,148	77,256
Closing fair value	**409,802**	**340,814**

The Company received £121,281,000 (2019: £127,362,000) from investments sold in the year. The book cost of these investments when they were purchased was £99,531,000 (2019: £126,375,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

The revised SORP issued in October 2019 is applicable for accounting periods beginning on or after 1 January 2019. As a result, the gain on disposals of investments of £21,750,000 (2019: gain of £987,000) and gain on revaluation of investments of £32,892,000 (2019: gain of £16,333,000) have now been combined in the note above. The result of this change in presentation has no impact on the net asset value or total return for both the current and prior year. No other accounting policies or disclosures have changed as a result of the revised SORP.

Transaction costs of £138,000 (2019: £112,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £61,000 (2019: £43,000). All transaction costs have been included within capital reserves.

11. Debtors

	2020 £'000	2019 £'000
Prepayments and accrued income	473	122
Taxation recoverable	1,398	1,580
	1,871	**1,702**

12. Creditors – amounts falling due within one year

	2020 £'000	2019 £'000
Taxation payable	–	894
Other payables	96	364
Interest payable	–	267
Accrued expenditure	2,040	2,644
	2,136	**4,169**

13. Share capital

	Ordinary shares number	Treasury shares number	Total shares number	Nominal value £'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 0.1p each				
At 31 August 2019	84,713,101	25,615,837	110,328,938	110
Shares repurchased and held in treasury	(390,000)	390,000	–	–
At 31 August 2020	84,323,101	26,005,837	110,328,938	110

During the year 390,000 ordinary shares were repurchased and held in treasury (2019: 710,000) for a total consideration, including expenses, of £1,506,000 (2019: £2,537,000). Additionally, during the year there were no tender offers (2019: one) and no shares (2019: 1,036,590 shares) were transferred to treasury for a total consideration of £nil (2019: £3,501,000). The number of ordinary shares in issue at the year end was 110,328,938 (2019: 110,328,938) of which 26,005,837 were held in treasury (2019: 25,615,837). No treasury shares were issued or cancelled during the year (2019: nil).

14. Reserves

		Distributable reserves			
	Capital redemption reserve £'000	Special reserve £'000	Capital reserve – (arising on investments sold) £'000	Capital reserve – (arising on revaluation of investments held) £'000	Revenue reserve £'000
At 1 September 2019	130	48,845	201,998	77,257	10,102
Movement during the year:					
Ordinary shares purchased into treasury	–	(1,498)	–	–	–
Share purchase and tender costs	–	(8)	–	–	–
Net profit for the year	–	–	17,365	32,721	5,776
Dividends paid during the year	–	–	–	–	(4,937)
At 31 August 2020	130	47,339	219,363	109,978	10,941

The capital redemption reserve is not a distributable profit under the Companies Act 2006. The special reserve may be used as a distributable profit for all purposes and, in particular, for the repurchase by the Company of its ordinary shares and for payment as dividends. In accordance with the Company's Articles of Association, net capital reserves may be distributed by way of the repurchase by the Company of its ordinary shares and for payment as dividends.

Notes to the financial statements
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15. Risk management policies and procedures
The Company's investment activities expose it to various types of risks 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 shareholders should refer to the Alternative Investment Fund Managers' Directive FUND 3.2.2R Disclosures which can be found at blackrock.com/uk/brge for a more detailed discussion of the risks inherent in investing in the Company.

Risk management framework
The following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM). However, as disclosed in the Corporate Governance Statement on pages 54 and 55 and in the Statement of Directors' Responsibilities on page 63, it is the ultimate responsibility of the Board to ensure that the Company's risks are appropriately monitored, and to the extent that elements of this are delegated to third party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of relevant agreements and taking appropriate action to the extent issues are identified.

The Directors of the AIFM review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Company's performance and risk profile respectively during the year. The AIFM 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 Company is managed within the terms of its investment guidelines and limits set out in the Alternative Investment Fund Managers' Directive FUND 3.2.2R Disclosures which can be found at blackrock.com/uk/brge.

The AIFM is responsible for monitoring investment performance, product risk monitoring and oversight and has the responsibility for the monitoring and oversight of regulatory and operational risk for the Company. The Directors of the AIFM have 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 Risk and Quantitative Analysis Group (RQA) which is a centralised group which performs an independent risk management function. RQA independently identifies, measures and monitors investment risk and tracks the actual risk management practices being deployed across the Company. By breaking down the components of the process, RQA have the ability to determine if the appropriate risk management processes are in place. 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 AIFM reports to the Audit and Management Engagement Committee twice yearly on key risk metrics and risk management processes. In addition, the Depositary monitors the performance of the AIFM and reports to the Audit and Management Engagement Committee. Any significant issues are reported to the Board as they arise.

Risk exposures
The risk exposures of the Company are 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 Company may suffer through holding market positions in investments in the face of market movements.

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 (including other price risk, foreign currency risk and interest rate risk), unlike a traditional sensitivity analysis.

The VaR calculations are based on a confidence level of 99%, with a holding period of not greater than one day and a historical observation period of not less than two years (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 Company will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk. It is noted that the use of VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and 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 percentage amounts. These limitations and the nature of the VaR measure mean that the Company 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 31 August 2020 and 31 August 2019 (based on a 99% confidence level) was 5.09% and 3.00%, 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. Foreign currency sensitivity risk has been covered by the VaR analysis under the market risk section.

The fair values of the Company's monetary items which have foreign currency exposure at 31 August 2020 and 31 August 2019 are shown below. Where the Company's equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2020			2019		
	Euro £'000	Swiss Franc £'000	Other £'000	Euro £'000	Swiss Franc £'000	Other £'000
Debtors (due from brokers, dividends and other income receivable)	458	835	563	502	735	448
Cash and cash equivalents	–	–	141	268	–	–
Overdraft	(21,623)	–	–	–	–	–
Total foreign currency exposure on net monetary items	**(21,165)**	**835**	**704**	**770**	**735**	**448**
Investments at fair value through profit or loss that are equities	219,486	60,547	129,769	198,829	50,325	91,660
Total net foreign currency exposure	**198,321**	**61,382**	**130,473**	**199,599**	**51,060**	**92,108**

Concentration of exposure to foreign currency risks
An analysis of the Company's investment portfolio is shown on pages 19 and 20. At 31 August 2020 this shows that the portfolio had significant levels of investments in Europe. Accordingly, there is a concentration of exposure to Europe and equates to exposure to the economic conditions in Europe, though it is recognised that this aligns with the investment objective and policy adopted by the Company.

Management of foreign currency risk
The Investment Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board of the Company on a regular basis.

The Investment Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed.

Foreign currency borrowing facilities are available in the form of a multi-currency overdraft facility to limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt. Derivative contracts are not used to hedge against exposure to foreign currency risk.

Consequently, the Company is exposed to risks that the exchange rate of its reporting currencies relative to other currencies may change in a manner which has an adverse effect on the value of the portion of the Company's assets which are denominated in currencies other than their own currencies.

(ii) Market risk arising from interest rate risk
Exposure to interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk specifically through its cash holdings and variable rate borrowings. Interest rate movements may affect the level of income receivable from any cash at bank and on deposits and the level of interest payable on variable rate borrowings. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Company's investments.

Notes to the financial statements

continued

15. Risk management policies and procedures continued

Interest rate exposure

The exposure at 31 August 2020 and 31 August 2019 of financial assets and liabilities to interest rate risk is shown by reference to:

- floating interest rates – when the interest rate is due to be re-set; and
- fixed interest rates – when the financial instrument is due for repayment.

	2020			2019		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash and cash equivalents	141	–	141	268	–	268
Bank overdraft	(21,817)	–	(21,817)	(173)	–	(173)
Total exposure to interest rates	**(21,676)**	**–**	**(21,676)**	**95**	**–**	**95**

The Company does not have any fixed rate exposure at 31 August 2020 or 31 August 2019.

Management of interest rate risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowings under the multi-currency overdraft facility. Derivative contracts are not used to hedge against the exposure to interest rate risk. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

The company finances part of its operating activities through borrowings at levels approved and monitored by the Board of the Company.

Interest received on cash balances, or paid on the bank overdraft respectively, is approximately 0.21% and 3.44% per annum (2019: 0.40% and 2.57% per annum).

(iii) Market risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value of 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. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Company and the market price of its investments and could result in increased premiums or discounts to the Company's net asset value.

An outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and has now developed into a global pandemic. This coronavirus has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions, and lower consumer demand, as well as general concern and uncertainty. The impact of COVID-19 has adversely affected the economies of many nations across the entire global economy, individual issuers and capital markets, and could continue to an extent that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established healthcare systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

The Company is exposed to market price risk arising from its equity investments. The movements in the prices of these investments result in movements in the performance of the Company. Other price risk sensitivity has been covered by the VaR analysis under the market risk section above.

The Company's exposure to other changes in market prices at 31 August 2020 on its equity investments was £409,802,000 (2019: £340,814,000).

Management of other price risk
By diversifying the portfolio, where this is appropriate and consistent with the Company's objectives, the risk that a price change of a particular investment will have a material impact on the NAV of the Company is reduced which is in line with the investment objectives of the Company.

(b) Counterparty credit risk
Credit risk is the risk that the issuer of a financial instrument will fail to fulfil an obligation or commitment that it has entered into with the Company.

There were no past due or impaired assets at 31 August 2020 (31 August 2019: nil). The major counterparties engaged with the Company are all widely recognised and regulated entities.

Depositary
The Company's Depositary is The Bank of New York Mellon (International) Limited (BNYM or the Depositary) (S&P long-term credit rating as at 31 August 2020: AA- (31 August 2019: AA-)). All of the equity assets and cash of the Company are held within the custodial network of the global custodian appointed by the Depositary. Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to its investments held by the Depositary to be delayed or limited. The maximum exposure to this risk at 31 August 2020 is the total value of investments held with the Depositary and cash and cash equivalents in the Balance Sheet.

In accordance with the requirements of the depositary agreement, the Depositary is required to ensure that any agents it appoints to assist in safekeeping the assets of the Company will segregate the assets of the Company. Thus, in the event of insolvency or bankruptcy of the Depositary, the Company's non-cash assets are segregated and this reduces counterparty credit risk. The Company will, however, be exposed to the counterparty credit risk of the Depositary in relation to the Company's cash held by the Depositary. In the event of the insolvency or bankruptcy of the Depositary, the Company will be treated as a general creditor of the Depositary in relation to cash holdings of the Company.

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

Counterparty credit risk also arises on transactions with the broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the credit quality of the broker used. The Company monitors the credit rating and financial position of the broker used to further mitigate this risk.

The following table details the total number of counterparties to which the Company is exposed, the maximum exposure to any one counterparty, the total exposure to all other counterparties and the lowest long-term credit rating of any one counterparty (or its ultimate parent if unrated).

Year	Total number of counterparties	Maximum exposure to any one counterparty[1] £'000	Total exposure to all other counterparties[1] £'000	Lowest credit rating of any one counterparty[2]
2020	1	141	–	AA-
2019	1	268	–	AA-

1 Calculated on a net exposure basis.
2 Standard & Poor's ratings.

Cash is subject to counterparty credit risk as the Company's access to its cash could be delayed should the counterparties become insolvent or bankrupt.

Notes to the financial statements
continued

15. Risk management policies and procedures continued
Debtors
The counterparties included in debtors are the same counterparties discussed previously under counterparty credit risk and subject to the same scrutiny by the BlackRock RQA Counterparty and Concentration Risk team (RQA CCR). The Company monitors the ageing of receivables to mitigate the risk of debtor balances becoming overdue.

In summary, the exposure to credit risk at 31 August 2020 and 31 August 2019 was as follows:

	2020 £'000	2019 £'000
Prepayments and accrued income	473	122
Taxation recoverable	1,398	1,580
	1,871	**1,702**

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

The counterparty credit risk is managed as follows:

– transactions are only entered into with those counterparties approved by RQA CCR, with a formal review carried out for each new counterparty and with counterparties selected by RQA CCR on the basis of a number of risk mitigation criteria designed to reduce the risk to the Company of default;

– the Company's listed investments are held on its behalf by BNYM as the Company's custodian (as sub-delegated by the Depositary). Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal control reports;

– the creditworthiness of financial institutions with whom cash is held is reviewed regularly by the RQA CCR team.

The Board monitors the Company's counterparty risk by reviewing:

– the semi-annual report from the Depositary, which includes the results of periodic site visits to the Company's custodian where controls are reviewed and tested;

– the custodian's Service Organisation Control (SOC 1) reports which include a report by the custodian's auditors. This report sets out any exceptions or issues noted as a result of the auditor's review of the custodian's control processes;

– the Manager's internal controls report which include a report by the Manager's auditors. This report sets out any exceptions or issues noted as a result of the auditor's review of the Manager's control processes; and

– in addition the Depositary and the Manager report any significant breaches or issues arising to the Board as soon as these are identified.

(c) Liquidity risk
This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. At the year end, the Company had an available overdraft facility of the lower of £41,150,000 or 15% of the Company's net assets (2019: lower of £23,500,000 or 15% of the Company's net assets).

Liquidity risk exposure
The remaining undiscounted gross cash outflows of the financial liabilities as at 31 August 2020 and 31 August 2019, based on the earliest date on which payment can be required, were as follows:

	2020 Within 1 year £'000	2019 Within 1 year £'000
Current liabilities:		
Bank overdraft	(21,817)	(173)
Creditors – amounts falling due within one year	(2,136)	(4,169)
	(23,953)	**(4,342)**

Management of liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands. Asset disposals may also be required to meet liquidity needs. Liquidity risk is not significant as the majority of the Company's assets are investments in listed securities that are readily realisable.

The Company'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 their obligations.

For the avoidance of doubt, none of the assets of the Company are subject to special liquidity arrangements.

(d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). Section 34 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note in the Financial Statements on page 78.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The fair value hierarchy has the following levels:

Level 1 – Quoted market price 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 from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs

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

Level 3 – Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation technique includes 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 Investment Manager considers observable data 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 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. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Notes to the financial statements
continued

15. Risk management policies and procedures continued
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 table below is an analysis of the Company's financial instruments measured at fair value at the balance sheet date.

Financial assets at fair value through profit or loss at 31 August 2020	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	409,802	–	–	409,802

Financial assets at fair value through profit or loss at 31 August 2019	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	340,814	–	–	340,814

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 August 2020 and 31 August 2019. The Company did not hold any Level 3 securities throughout the financial year or as at 31 August 2020 (2019: nil).

16. Capital management policies and procedures
The Company's capital management objectives are:

- to ensure it will be able to continue as a going concern; and
- to secure long-term capital growth primarily through investing in securities of large, mid and smaller capitalisation European companies, together with some investments in the developing markets of Europe.

This is to be achieved through an appropriate balance of equity, capital and gearing. The policy is that gearing should not exceed 15% of gross assets. The Company's objectives, policies and processes for managing capital remain unchanged from the preceding accounting period.

The Company's total capital as at 31 August 2020 was £387,861,000 (2019: £338,442,000) comprised of equity, capital and other reserves.

The Board with the assistance of the Investment Manager monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Investment Manager's view on the market; and
- the need to buy back equity shares, either for cancellation or to be held in treasury, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium).

The Company is subject to externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restrictions tests imposed on investment companies by law.

During the year, the Company complied with the externally imposed capital requirements to which it was subject. In addition the Company has complied with any covenants in relation to the overdraft agreement.

17. Transactions with the Manager and Investment Manager

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on pages 39 and 40.

The investment management fee is levied quarterly, based on 0.85% per annum of net asset value on the last day of each month. The investment management fee due for the year ended 31 August 2020 amounted to £2,925,000 (2019: £2,653,000). At the year end, £1,484,000 was outstanding in respect of the management fee (2019: £1,994,000).

In addition to the above services, BIM (UK) provided the Company with marketing services. The total fees paid or payable for these services for the period ended 31 August 2020 amounted to £111,000, excluding VAT (2019: £103,000). Marketing fees of £181,000 were outstanding at 31 August 2020 (2019: £177,000).

The ultimate holding company of the Manager and the Investment Manager is BlackRock, Inc. a company incorporated in Delaware USA. During the period, PNC Financial Services Group, Inc. ("PNC") was a substantial shareholder in BlackRock, Inc. PNC did not provide any services to the Company during the financial year ended 31 December 2019 and the period up to the 11 May 2020. On 11 May 2020, PNC announced its intent to sell its investment in BlackRock, Inc. through a registered offering and related buyback by BlackRock, Inc.

18. Related party disclosure

Disclosures of the Directors' interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 48 and 49. At 31 August 2020, £11,000 (2019: £10,000) was outstanding in respect of Directors' fees.

Significant Holdings

The following investors are:

a. funds managed by the BlackRock Group or are affiliates of BlackRock Inc. ("Related BlackRock Funds") or

b. investors (other than those listed in (a) above) who held more than 20% of the voting shares in issue in the Company and are as a result, considered to be related parties to the Company ("Significant Investors").

As at 31 August 2020

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
1.6	n/a	n/a

As at 31 August 2019

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
1.5	n/a	n/a

19. Contingent liabilities

There were no contingent liabilities at 31 August 2020 (2019: nil).

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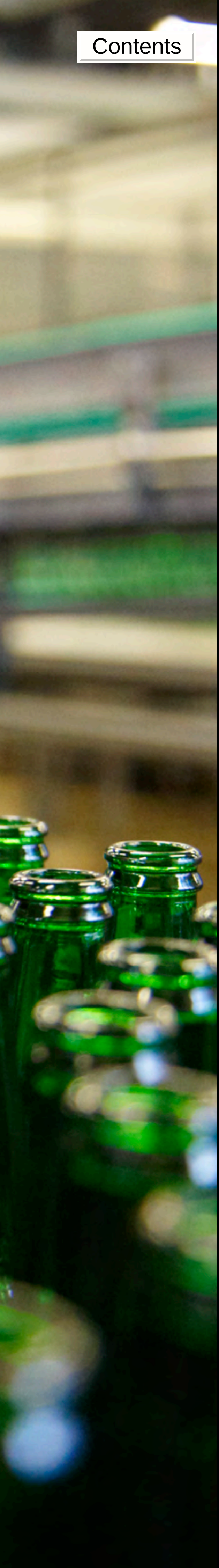


Additional information

Strong leadership and a decentralised organisational structure enabled Royal Unibrew to reinstate 2020 guidance in June, the first beverage company to do so.

PHOTO COURTESY OF ROYAL UNIBREW

Shareholder information

Financial calendar

The timing of the announcement and publication of the Company's results may normally be expected in the months shown below:

April	Half yearly figures announced and half yearly financial report published.
May	Interim dividend paid.
October	Annual results and final dividend for year announced. Annual Report and Financial Statements published.
December	Annual General Meeting.
December	Final dividend paid.

Dividend – 2020

The proposed final dividend in respect of the year ended 31 August 2020 is 4.40p per share. The Board also declared an interim dividend of 1.75p per share which was paid on 10 June 2020 to shareholders on the register on 15 May 2020.

Ex-dividend date (shares transferred without the dividend)	29 October 2020
Record date (last date for registering transfers to receive the dividend)	30 October 2020
Last date for registering DRIP instructions	18 November 2020
Dividend payment date	9 December 2020

Payment of dividends

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0370 707 1163, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending this to the Company's registrar, Computershare. Confirmation of dividends paid will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

Dividend reinvestment scheme (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0370 707 1163. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 18 November 2020.

Share price

The Company's mid-market ordinary share price is quoted daily in The Financial Times and The Times under 'Investment Companies' and in The Daily Telegraph under 'Investment Trusts'. The share price is also available on the BlackRock website at blackrock.com/uk/brge.

ISIN/SEDOL numbers

The ISIN/SEDOL numbers and mnemonic codes for the Company's shares are:

	Ordinary shares
ISIN	GB00B01RDH75
SEDOL	B01RDH7
Reuters Code	BRGE.L
Bloomberg Code	BRGE LN

Dividend tax allowance

The annual tax-free allowance on dividend income across an individual's entire share portfolio is £2,000. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances.

The Company will continue to provide registered shareholders with confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is a shareholder's responsibility to include all dividend income when calculating any tax liability.

If you have any tax queries, please contact a financial advisor.

Share dealing

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service. Alternatively, they can do so by creating a Trading Account at www.computershare.com/dealing/uk. To purchase this investment, you must have read the Key Information Document before the trade can be executed. Computershare can email or post this to you.

For existing shareholders not looking to purchase shares, the Company's registrar, Computershare, has an internet and telephone share dealing service. The telephone share dealing service is available on 0370 703 0084. To access the internet share dealing service, you will need to access www.computershare.com/dealing/uk using your shareholder reference number, which can be found on paper or electronic communications that you have previously received from Computershare.

Internet dealing – The fee for this service is 1% of the value of the transaction (subject to a minimum of £30). Stamp duty of 0.5% is payable on purchases.

Telephone dealing – The fee for this service will be 1% of the value of the transaction (plus £50). Stamp duty of 0.5% is payable on purchases.

CREST

The Company's shares may be held in CREST, an electronic system for uncertificated securities trading.

Private investors can continue to retain their share certificates and remain outside the CREST system. Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges.

Electronic communications

We encourage you to play your part in reducing our impact on the environment and elect to be notified by email when your shareholder communications become available online. This means you will receive timely, cost-effective and greener online annual reports, half yearly financial reports and other relevant documentation.

Shareholders who opt for this service will receive an email from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and downloaded. Please submit your email address by visiting investorcentre.co.uk/ecomms. You will require your shareholder reference number which you will find on your share certificate or dividend confirmation.

You will continue to receive a printed copy of these reports if you have elected to do so. Alternatively, if you have not submitted your email address nor have elected to receive printed reports, we will write and let you know where you can view these reports online.

Risk factors

- Past performance is not necessarily a guide to future performance.

- The value of your investment in the Company and the income from it can fluctuate as the value of the underlying investments fluctuate.

- The price at which the Company's shares trade on the London Stock Exchange is not the same as their net asset value (NAV) (although they are related) and therefore you may realise returns which are lower or higher than NAV performance.

Electronic proxy voting

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at eproxyappointment.com using their shareholder reference number, control number and a unique identification PIN which will be provided with voting instructions and the Notice of Annual General Meeting.

CREST members who wish to appoint one or more proxies or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. More details are set out in the notes on the Form of Proxy and the Notice of Annual General Meeting.

Nominee code

Where shares are held in a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and

- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

Publication of net asset value/portfolio analysis

The net asset value (NAV) per share of the Company is calculated daily, with details of the Company's investments and performance being published monthly.

The daily NAV per share and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the BlackRock website at blackrock.com/uk/brge and through the Reuters News Service under the code 'BLRKINDEX', on page 8800 on Topic 3 (ICV terminals) and under 'BLRK' on Bloomberg (monthly information only).

New Individual Savings Account (NISA)

NISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion within stocks and shares New Individual Savings Accounts. In the 2020/2021 tax year investors have an annual NISA allowance of £20,000 (2019/2020: £20,000) which can be invested in either cash or shares.

Online access

Other details about the Company are available on the website at blackrock.com/uk/brge. The financial statements and other literature are published on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at investorcentre.co.uk. To access Computershare's website, you

Shareholder information

continued

will need your shareholder reference number (SRN) which can be found on paper or electronic communications you have previously received from Computershare. Listed below are the most frequently used features of the website.

- Holding enquiry – view balances, values, history, payments and reinvestments.
- Payments enquiry – view your dividends and other payment types.
- Address change – change your registered address.
- Bank details update – choose to receive your dividend payment directly into your bank account instead of by cheque.
- e-Comms sign-up – choose to receive email notification when your shareholder communications become available instead of paper communications.
- Outstanding payments – reissue payments using the online replacement service.
- Downloadable forms – including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

Shareholder enquiries

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes your shareholder reference number, available from your share certificate, dividend confirmation statement or other electronic communications you have previously received from Computershare. The address of the Computershare website is investorcentre.co.uk. Alternatively, please contact the registrar on 0370 707 1163.

Changes of name or address must be notified in writing either through Computershare's website, or to the registrar at:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

General enquiries

Enquiries about the Company should be directed to:

The Company Secretary
BlackRock Greater Europe Investment Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Analysis of ordinary shareholders
as at 31 August 2020

By type of holder

	Number of shares	% of total 2020	% of total 2019	Number of holders	% of total 2020	% of total 2019
Direct private investors	25,127,334	29.8	30.6	7,281	92.8	92.7
Banks and nominee companies	58,487,240	69.4	68.8	502	6.4	6.4
Others	708,527	0.8	0.6	67	0.8	0.9
	84,323,101	100.0	100.0	7,850	100.0	100.0

By size of holding

	Number of shares	% of total 2020	% of total 2019	Number of holders	% of total 2020	% of total 2019
1-5,000	11,926,755	14.1	14.3	6,188	78.8	78.4
5,001-100,000	19,041,544	22.6	23.2	1,581	20.2	20.6
100,001-1,000,000	18,250,121	21.6	24.3	69	0.9	0.9
1,000,001-5,000,000	22,207,362	26.4	22.8	11	0.1	0.1
Over 5,000,000	12,897,319	15.3	15.4	1	0.0	0.0
	84,323,101	100.0	100.0	7,850	100.0	100.0

Historical record

Year ended 31 August	Ordinary shares in issue ex. Treasury	Treasury shares	Net assets attributable to ordinary shareholders	Net asset value per ordinary share – undiluted	Ordinary share price	Revenue attributable to ordinary shareholders	Revenue earnings per share	Dividend per share
			£'000	p	p	£'000	p	p
2005	140,414,347	–	182,339	129.86	123.00	2,882	1.82	1.60
2006	130,238,932	3,466,164	206,273	158.38	151.00	3,396	2.53	2.00
2007	119,843,969	4,885,076	221,331	184.68	179.00	3,823	3.06	2.40
2008	112,388,958	2,728,833	191,040	169.98	156.75	4,308	3.73	3.00
2009	105,124,598	1,696,092	172,713	164.29	153.75	3,519	3.26	3.15
2010	99,042,423	2,642,046	174,375	176.06	159.25	3,194	3.13	3.30
2011	95,859,314	1,739,788	178,535	186.25	181.00	6,581	6.77	3.50[1]
2012	119,793,123	4,760,637	223,041	186.19	175.00	5,984	5.52	4.20
2013	108,719,211	5,718,353	254,941	234.49	228.75	7,295	6.32	4.50[2]
2014	108,828,058	5,429,676	258,987	237.98	228.50	4,964	4.59	4.70
2015	104,309,663	5,488,898	261,459	250.66	244.00	5,609	5.28	5.00
2016	102,603,113	7,725,825	294,908	287.43	272.00	5,782	5.60	5.30
2017	95,295,953	15,032,985	330,727	347.05	328.00	5,172	5.33	5.45
2018	86,459,691	23,869,247	330,419	382.17	363.00	5,347	5.95	5.75
2019	84,713,101	25,615,837	338,442	399.52	385.00	4,160	4.87	5.85
2020	**84,323,101**	**26,005,837**	**387,861**	**459.97**	**447.00**	**5,776**	**6.85**	**6.15**

[1] Excluding a special dividend of 2.50p per share.
[2] Excluding a special dividend of 1.00p per share.

Management and other service providers

Registered Office
(Registered in England, No. 5142459)
12 Throgmorton Avenue
London EC2N 2DL

Investment Manager and Secretary
BlackRock Investment Management (UK) Limited*
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Alternative Investment Fund Manager
BlackRock Fund Managers Limited*
12 Throgmorton Avenue
London EC2N 2DL

Depositary, Custodian, Banker and Fund Accountant
The Bank of New York Mellon (International) Limited*
One Canada Square
Canary Wharf
London E14 5AL

Registrar
Computershare Investor Services PLC*
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1163

Auditor
Ernst & Young LLP
Chartered Accountants and Statutory Auditor
25 Churchill Place
Canary Wharf
London E14 5EY

Stockbrokers
Cenkos Securities PLC*
6.7.8 Tokenhouse Yard
London EC2R 7AS

Solicitors
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London EC2A 2EG

* Authorised and regulated by the Financial Conduct Authority.

AIFMD disclosures

Report on remuneration

The Alternative Investment Fund Managers' Directive (the AIFMD) requires certain disclosures to be made with regard to the remuneration policy of the Company's AIFM. Details of the BlackRock AIFM Remuneration Policy (the Policy) are disclosed on the website at blackrock.com/uk/brge.

Quantitative remuneration disclosure

Disclosures in accordance with FUND 3.3.5, Article 22(2)e and 22(2)(f) of the AIFMD and Article 107 of the Delegated Regulation are disclosed on the website at blackrock.com/uk/brge.

Leverage

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. Consistent with its investment objective and policy, the Company may also utilise derivative instruments as part of its investment policy. The use of derivatives may expose the Company to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard underlying bonds or equities. Leveraged derivative positions can therefore increase the Company's volatility. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject. No derivatives were used for leverage purposes during the year.

For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means. The AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its NAV, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure.

Using the methodologies prescribed under the AIFMD, the leverage of the Company is disclosed in the table below:

	Commitment leverage as at 31 August 2020	Gross leverage as at 31 August 2020
Leverage ratio	1.11	1.11

Other risk disclosures

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 15 of the notes to the Financial Statements.

Pre investment disclosures

The AIFMD requires certain information to be made available to investors in Alternative Investment Funds (AIFs) before they invest and requires that material changes to this information be disclosed in the Annual Report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the website at blackrock.com/uk/brge.

There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
22 October 2020

Information to be disclosed in accordance with Listing Rule 9.8.4

The disclosures below are made in compliance with the requirements of Listing Rule 9.8.4..

9.8.4 (1) The Company has not capitalised any interest in the period under review.

9.8.4 (2) The Company has not published any unaudited financial information in a class 1 circular or prospectus or any profit forecast or profit estimate.

9.8.4 (3) This provision has been deleted.

9.8.4 (4) The Company does not have any long-term incentive schemes in operation.

9.8.4 (5) and (6) No Director of the Company has waived or agreed to waive any current or future emoluments from the Company or any subsidiary undertaking.

9.8.4 (7) The Company has not allotted any equity securities for cash in the period under review.

The Company is a stand-alone entity therefore Listing Rules 9.8.4 (8) and 9.8.4 (9) are not applicable.

9.8.4 (10) There were no contracts of significance subsisting during the period under review to which the Company is a party and in which a Director of the Company is or was materially interested; or between the Company and a controlling shareholder.

9.8.4 (11) This provision is not applicable to the Company.

9.8.4 (12) and (13) There were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.

9.8.4 (14) This provision is not applicable to the Company.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
22 October 2020

Glossary

Alternative performance measures (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements.

The Company's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Annual Financial Report.

Closed-end company

An investment trust works along the same lines as a unit trust, in that it pools money from investors which is then managed on a collective basis. The main difference is that an investment trust is a company listed on the Stock Exchange and, in most cases, trading takes place in shares which have already been issued, rather than through the creation or redemption of units. As the number of shares which can be issued or cancelled at any one time is limited, and requires the approval of existing shareholders, investment trusts are known as closed-end funds or companies. This means that investment trusts are not subject to the same liquidity constraints as open ended funds and can therefore invest in less liquid investments.

Discount and premium*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. As at 31 August 2020, the share price was 447.00p (31 August 2019: 385.00p) and the NAV was 459.97p (31 August 2019: 399.52p), therefore the discount was 2.8% (31 August 2019: 3.6%) (please see note 9 of the financial statements on page 83 for the inputs to the calculation).

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 370p and the NAV 365p, the premium would be 1.4%.

Discounts and premiums are mainly the consequence of supply and demand for the shares on the stock market.

Gearing and borrowings*

Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a long-term view on a sector or to take advantage of a favourable situation or a particularly attractive stock without having to sell existing investments.

Gearing works by magnifying a company's performance. If a company 'gears up' and then markets rise and returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified.

The Company may achieve gearing through borrowings or the effect of gearing through an appropriate balance of equity capital and borrowings.

Gearing is calculated in line with AIC guidelines and represents net gearing. This is defined as total assets of the Company less current liabilities (excluding bank overdrafts), less any cash or cash equivalents held minus total shareholders' funds, divided by total shareholders' funds. Cash and cash equivalents are defined by the AIC as net current assets or net current liabilities (as relevant). To the extent that the Company has net current liabilities, the net current liabilities total is added back to the total assets of the Company to calculate the numerator in this equation. The calculation and the various inputs are set out in the following table.

Net gearing calculation	Page	31 August 2020 £'000	31 August 2019 £'000	
Net assets	75	387,861	338,442	(a)
Borrowings	75	21,817	173	(b)
Total assets (a + b)		409,678	338,615	(c)
Current assets[1]	75	2,012	1,970	(d)
Current liabilities (excluding borrowings)	75	(2,136)	(4,169)	(e)
Cash and cash equivalents (d + e)		(124)	(2,199)	(f)
Net gearing (g = (c – f – a)/ a)		5.7%	0.7%	(g)

[1] Includes cash at bank.

The audited inputs for this calculation can be found in the Balance Sheet in the Financial Statements on page 75.

* Alternative performance measures.

Leverage

Leverage is defined in the AIFM Directive as "any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means".

Leverage is measured in terms of 'exposure' and is expressed as a ratio of net asset value:

$$\text{Leverage ratio} = \frac{\text{Total assets}}{\text{Net assets}}$$

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The treatment of cash and cash equivalent balances in terms of calculating what constitutes an "exposure" under AIFMD differs for these two methods. The definitions for calculating the Gross Method exposures require that "the value of any cash and cash equivalents which are highly liquid investments held in the base currency of the AIF, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond" should be excluded from exposure calculations.

Net asset value per share (Capital only NAV)*

The capital only NAV is a popular point of reference when comparing a range of investment trusts. This NAV focuses on the value of the Company's assets disregarding the current period revenue income, on the basis that most trusts will distribute substantially all of their income in any financial period. It is also the measure adopted by the Association of Investment Companies for preparation of statistical data. It is calculated by dividing 'equity shareholders' funds' (excluding current period revenue) by the total number of ordinary shares in issue.

As at 31 August 2020, equity shareholders' funds less the current year net revenue return (after interim dividends) amounted to £383,561,000 and there were 84,323,101 ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 454.87p.

Equity shareholders' funds (excluding current period revenue) of £383,561,000 are calculated by deducting from the Company's net assets (£387,861,000) its current period revenue (£5,776,000) and adding back the interim dividends (£1,476,000) paid.

Net asset value per share (Cum income NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing "equity shareholders' funds" by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 31 August 2020, equity shareholders' funds were worth £387,861,000 and there were 84,323,101 ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 459.97 pence per ordinary share (please see note 9 of the financial statements for the audited inputs to the calculations).

Equity shareholders' funds are calculated by deducting from the Company's total assets, its current and long-term liabilities and any provision for liabilities and charges.

NAV and share price return (Return with dividends reinvested)*

Performance statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The performance measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/Share price (please see note 9 of the financial statements for the inputs to the calculations).

NAV performance	Page	31 August 2020	31 August 2019	
Closing NAV per share (pence)	83	459.97	399.52	
Add back interim and final dividends (pence)	82	5.85	5.75	
Effect of dividend reinvestment (pence)		1.15	0.85	
Adjusted closing NAV (pence)		466.97	406.12	(a)
Opening NAV per share (pence)	83	399.52	382.17	(b)
NAV performance (c = ((a – b)/b)) (%)		16.9	6.3	(c)

Share price performance	Page	31 August 2020	31 August 2019	
Closing share price (pence)	83	447.00	385.00	
Add back interim and final dividends (pence)	82	5.85	5.75	
Effect of dividend reinvestment (pence)		1.26	0.93	
Adjusted closing share price (pence)		454.11	391.68	(a)
Opening share price (pence)	83	385.00	363.00	(b)
Share price performance (c = ((a – b)/b)) (%)		18.0	7.9	(c)

* Alternative performance measures.

Glossary

continued

Ongoing charges ratio*

$$\text{Ongoing charges (\%)} = \frac{\text{Annualised ongoing charges}}{\text{Average undiluted net asset value in the period}}$$

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management fees.

As recommended by the AIC in its guidance, ongoing charges are the Company's management fee and all other operating expenses (excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items) expressed as a percentage of the average daily net assets of the Company during the year.

The inputs that have been used to calculate the ongoing charges percentage are set out in the following table.

Ongoing charges calculation	Page	31 August 2020 £'000	31 August 2019 £'000	
Management fee	79	2,925	2,653	
Other operating expenses	80	566	710	
Total management fee and other operating expenses		3,491	3,363	(a)
Average net assets in the year		344,397	310,647	(b)
Ongoing charges (c = a/b)		1.01%	1.08%	(c)

Quoted Securities and unquoted securities

Quoted securities are securities that trade on an exchange for which there is a publicly quoted price. Unquoted securities are financial securities that do not trade on an exchange and for which there is not a publicly quoted price.

Revenue profit and revenue reserves

Revenue profit is the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Company. Revenue reserves is the undistributed income that the Company keeps as reserves. Investment trusts do not have to distribute all the income they generate, after expenses. They may retain up to 15% of revenue generated which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

Treasury shares

Treasury shares are shares that a company keeps in its own treasury which are not currently issued to the public. These shares do not pay dividends, have no voting rights and are not included in a company's total issued share capital amount for calculating percentage ownership. Treasury stock may have come from a repurchase or buy back from shareholders, or it may never have been issued to the public in the first place. Treasury shares may be reissued from treasury to the public to meet demand for a company's shares in certain circumstances.

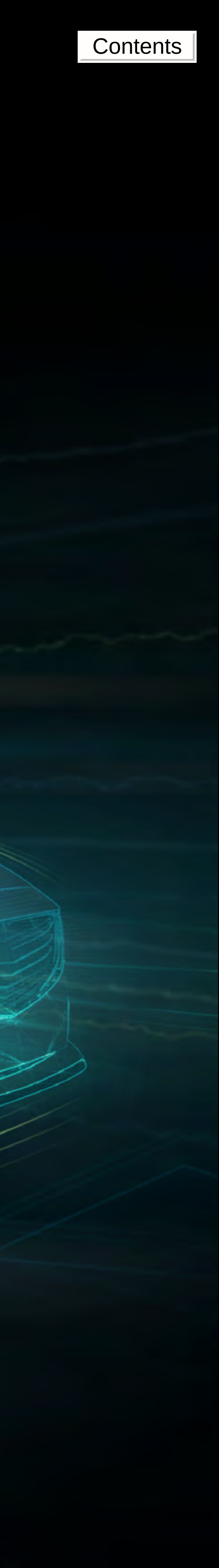
Yield*

The yield is the amount of cash (in percentage terms) that is returned to the owners of the security, in the form of interest or dividends received from it. Normally, it does not include the price variations, distinguishing it from performance (with dividends reinvested).

	31 August 2020	31 August 2019	
Interim and final dividends paid/ payable[1]	6.15	5.85	(a)
Ordinary share price (pence)	447.00	385.00	(b)
Yield c = (a/b) (%)	1.4	1.5	(c)

[1] Comprising dividends declared/paid during the twelve months to 31 August.

* Alternative performance measures.



Notice of annual general meeting

Sensor, software and autonomous solutions company Hexagon is the third-largest technology holding in the portfolio. The Swedish specialist has almost 4,000 employees actively engaged in research and development and more than 3,700 active patents.

PHOTO COURTESY OF HEXAGON

Notice of annual general meeting

Notice is hereby given that the sixteenth Annual General Meeting of BlackRock Greater Europe Investment Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 1 December 2020 at 12.00 noon to consider and, if thought fit, pass Resolutions 1 to 11 inclusive as ordinary resolutions and Resolutions 12 to 16 as special resolutions:

Ordinary business

1. To receive the report of the Directors and the financial statements for the year ended 31 August 2020, together with the report of the auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 August 2020, excluding the remuneration policy of the Company.

3. To approve the remuneration policy of the Company as set out in the Directors' Remuneration Report on pages 50 and 51.

4. To declare a final dividend for the year ended 31 August 2020 of 4.40p for each ordinary share in the capital of the Company.

5. To re-elect Mr P Baxter as a Director.

6. To re-elect Ms D C Curling as a Director.

7. To re-elect Mr E F Sanderson as a Director.

8. To re-elect Dr P Subacchi as a Director.

9. To reappoint Ernst & Young LLP as auditor of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

10. To authorise the Audit and Management Engagement Committee to determine the auditor's remuneration.

Special business

Ordinary resolution

11. That, in substitution for all existing authorities, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot relevant securities in the Company (as described in that section) up to an aggregate nominal amount of £8,432 (being 10% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) provided that this authority shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2021, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

Special resolutions

12. That, in substitution for all existing authorities and subject to the passing of the resolution numbered 11, the Directors of the Company be and are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the Act) to:

    (a) allot up to 8,432,310 ordinary shares of 0.1p each in the Company (Ordinary Shares) with a maximum nominal amount of £8,432 (representing 10% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) at a price of not less than the most recently published net asset value per Ordinary Share prior to such allotment; and

    (b) resell up to 8,432,310 Ordinary Shares with a maximum nominal amount of £8,432 (representing 10% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) held by the Company in treasury (and, for the purposes of LR 15.4.11 R of the Listing Rules of the UK Listing Authority, such Ordinary Shares being permitted to be sold or transferred out of treasury for cash at a price which represents a discount of not greater than 2% to the most recently published net asset value per Ordinary Share prior to such sale);

    in each case wholly for cash as if section 561(1) of the Act did not apply to any such allotment or sale provided that this power shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2021, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot such Ordinary Shares pursuant to any such offer or agreement as if the power conferred hereby had not expired.

13. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 0.1p each in the Company (Ordinary Shares), the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases of Ordinary Shares (within the meaning of section 693 of the Act) provided that:

    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 12,640,032 or, if less, that number of Ordinary Shares which is equal to 14.99% of the Company's issued ordinary share capital (excluding treasury shares) as at 1 December 2020;

(b) the minimum price which may be paid for any such Ordinary Share shall be 0.1p;

(c) the maximum price which may be paid for any such Ordinary Share shall be the higher of (i) 105% of the average of the middle market quotations (as derived from the Official List) of the Ordinary Shares for the five dealing days prior to the date on which the market purchase is made and (ii) the higher of the price quoted for the last independent trade and the highest current independent bid for, any number of Shares on the trading venue where the purchase is carried out; and

(d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2021 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry.

All Ordinary Shares purchased pursuant to the above authority shall be either:

(i) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act; or

(ii) cancelled immediately upon completion of the purchase.

14. That, in addition to the authority given to the Company to purchase its own shares pursuant to the resolution numbered 13 above and in accordance with the terms and conditions of the Company's regular tender offers, the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of section 693 of the Act) of its ordinary shares of 0.1p each (Ordinary Shares), provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 16,864,620 or, if less, that number of Ordinary Shares which is equal to 20% of the Ordinary Shares in issue as at 31 May 2021 (excluding any Ordinary Shares held in treasury);

(b) the price which may be paid for an Ordinary Share shall be an amount equal to 98% of the net asset value per Ordinary Share (calculated on a fully diluted basis) as at 31 May 2021 (or the succeeding business day); and

(c) the authority hereby conferred shall expire on 31 July 2021 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.

15. That, in addition to the authority given to the Company to purchase its own shares pursuant to the resolutions numbered 13 and 14 above and in accordance with the terms and conditions of the Company's regular tender offers, the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of section 693 of the Act) of its ordinary shares of 0.1p each (Ordinary Shares), provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 16,864,620 or, if less, that number of Ordinary Shares which is equal to 20% of the Ordinary Shares in issue as at 30 November 2021 (excluding any Ordinary Shares held in treasury);

(b) the price which may be paid for an Ordinary Share shall be an amount equal to 98% of the net asset value per Ordinary Share (calculated on a fully diluted basis) as at 30 November 2021; and

(c) the authority hereby conferred shall expire on 31 January 2022 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.

16. That the draft Articles of Association produced to the meeting and marked 'A' (and for the purposes of identification initialled by the Chairman of the meeting) be hereby approved and adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of, the existing Articles of Association.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
22 October 2020

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Notice of annual general meeting

continued

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
2. To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions thereon as soon as possible and in any event by not later than 12.00 noon on 27 November 2020 (Saturdays, Sundays and public holidays excepted). Amended instructions must also be received by the Company's registrar by the deadline for receipt of Forms of Proxy. Alternatively, you can vote or appoint a proxy electronically by visiting eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the Form of Proxy. The latest time for the submission of proxy votes electronically is 12.00 noon on 27 November 2020 (Saturdays, Sundays and public holidays excepted).
3. Proxymity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.00 noon on 27 November 2020 (Saturdays, Sundays and public holidays excepted) in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
4. Completion and return of the Form of Proxy will not prevent you from attending the meeting and voting in person.
5. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
6. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.`
8. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
9. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's Registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
10. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
12. Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under section 319A of the Companies Act 2006, the Company must answer any

question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

14. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

    (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are laid before the meeting; or

    (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006.

    The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

15. Further information regarding the meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at blackrock.com/uk/brge.

16. As at 22 October 2020 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital comprised 84,323,101 ordinary shares of 0.1p each, excluding shares held in treasury. Each ordinary share carries the right to one vote and therefore the total number of voting rights in the Company as at 22 October 2020 is 84,323,101.

17. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

Share fraud warning

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- **contacted out of the blue**
- **promised tempting returns and told the investment is safe**
- **called repeatedly, or**
- **told the offer is only available for a limited time?**

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1. **Reject cold calls**
If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2. **Check the FCA Warning List**
The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3. **Get impartial advice**
Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at **www.fca.org.uk/consumers.** You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at **www.fca.org.uk/scamsmart**

Remember: if it sounds too good to be true, it probably is!

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