BLACKROCK NORTH AMERICAN INCOME TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 OCTOBER 2016

BLACKROCK®

NM0532U-2931493-1/78

Board of Directors

SIMON MILLER

Chairman,
Appointed on 7 September 2012

CHRISTOPHER CASEY

Audit and Management Engagement Committee Chairman,
Appointed on 7 September 2012

ANDREW IRVINE

Director,
Appointed on 7 September 2012

ALICE RYDER

Director,
Appointed on 12 June 2013

Additional details on Board composition and the Company's Corporate Governance Structure and Directors' Biographies are set out on page 20.

BlackRock North American Income Trust plc

Investment Objective

The Company's objective is to provide an attractive and growing level of income return with capital appreciation over the long term, predominantly through investment in a diversified portfolio of primarily large-cap U.S. equities.

aic
The Association of Investment Companies

A MEMBER OF THE ASSOCIATION OF INVESTMENT COMPANIES

Details about the Company, including the latest annual and half yearly financial reports, fact sheets and stock exchange announcements, are available on the BlackRock website at blackrock.co.uk/brna

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Overview

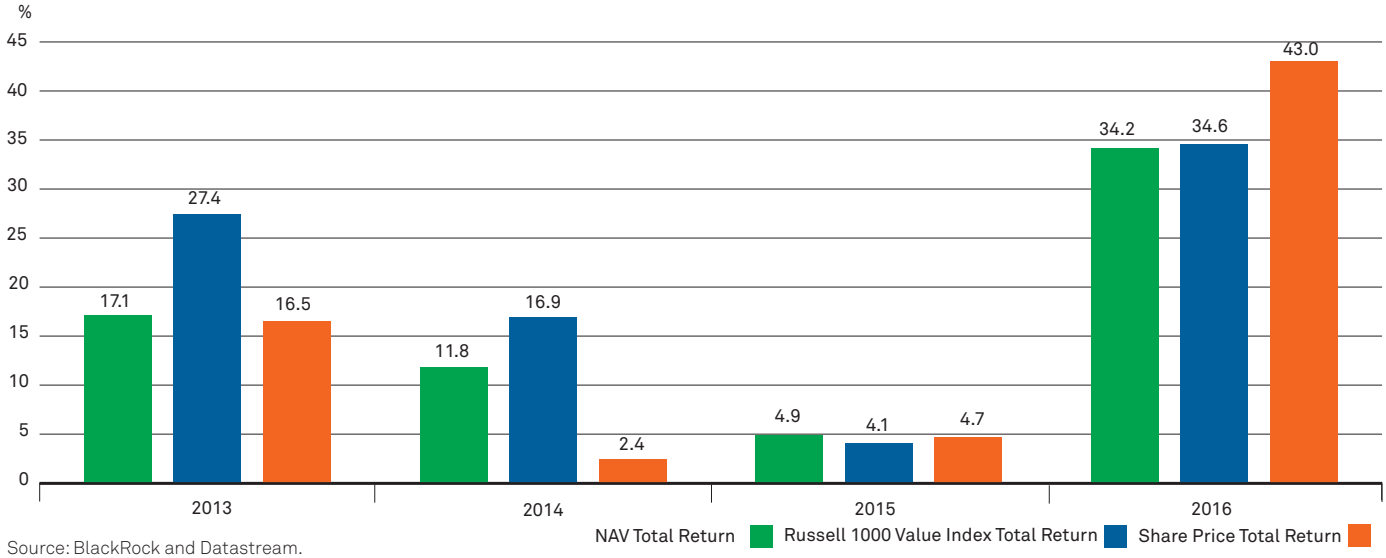
Performance record

Attributable to ordinary shareholders	31 October 2016	31 October 2015
Net assets (£'000)[1]	109,479	98,046
Net asset value per ordinary share	158.78p	122.50p
Ordinary share price (mid-market)	155.75p	113.00p
Discount to cum income net asset value	1.9%	7.8%
Performance		
Net asset value per share (total return)	+34.2%	+4.9%
Russell 1000 Value Index (total return)	+34.6%	+4.1%
Share price (total return)	+43.0%	+4.7%

1 The change in net assets reflects market movements and share buybacks during the year.

	Year ended 31 October 2016	Year ended 31 October 2015	Change %
Revenue			
Net revenue after taxation (£'000)	3,730	3,883	-3.9
Revenue return per ordinary share	5.17p	4.54p	+13.9
Interim dividends			
1st interim	1.10p	1.00p	+10.0
2nd interim	1.20p	1.10p	+9.1
3rd interim	1.20p	1.10p	+9.1
4th interim	1.20p	1.10p	+9.1
Total dividends paid	4.70p	4.30p	+9.3

ANNUAL PERFORMANCE SINCE LAUNCH ON 24 OCTOBER 2012 TO 31 OCTOBER 2016



Source: BlackRock and Datastream.
Performance figures have been calculated in sterling terms on a total return basis.

Overview

Chairman's statement

PERFORMANCE

Over the twelve months to 31 October 2016, the Company's net asset value per share (NAV) increased by 34.2%* compared with a rise of 34.6%* in the Russell 1000 Value Index. The share price rose by 43.0%*. Further information is set out in the Investment Manager's Report. At the close of business on 14 December 2016, the Company's NAV had increased by 4.9%.

MARKET OVERVIEW

U.S. labour market statistics continued to show resilience, with a combination of healthy employment and real earnings growth. Concerns over China have also receded in recent months as the government supported further growth in credit. This has in turn boosted the price of many commodities. In addition, the agreement of the Organisation of Petroleum Exporting Countries to production cuts has also led to a rally in the oil price and oil related shares. The impact of the U.K.'s Brexit referendum was less than initially feared and, following a significant market sell-off, markets rebounded.

EARNINGS AND DIVIDENDS

The Company's revenue earnings per share for the year amounted to 5.17p (2015: 4.54p), an increase of 13.9%. The first quarterly dividend of 1.10p per share was paid on 4 April 2016 and two further dividends of 1.20p per share were paid on 1 July 2016 and 7 October 2016. A fourth interim dividend of 1.20p per share has been declared and will be paid on 5 January 2017. The substantial fall in sterling against the U.S. dollar since the Brexit referendum has boosted the Company's income.

It is the Directors' intention to pay dividends of at least 1.20p per share each quarter for the year ending 31 October 2017. The ability to match or exceed this target will depend on portfolio dividend distributions, currency movements, and option writing from the underlying portfolio. This should not be interpreted as a profit forecast.

DISCOUNT CONTROL

The Directors recognise the importance to shareholders that the market price of the Company's shares in the stock market should not trade at a significant discount to the underlying NAV. Therefore, the Board has concluded that the Company's share buy back and share issuance powers will, in normal market conditions, be used to ensure that the share price does not trade at a significant discount to the underlying NAV per share.

During the year and up to the date of this report, the Company has repurchased 11,090,000 ordinary shares in the market. These shares have been placed in treasury to be subsequently reissued to satisfy market demand. Shares will only be reissued at a premium to the estimated NAV at the time of issue.

The Directors have authority from shareholders to reissue up to 10% of the Company's issued ordinary share capital and to buy back up to 14.99% of the Company's issued ordinary share capital. The authorities to reissue and buy back shares expire at the conclusion of the 2017 Annual General Meeting and resolutions will be put to shareholders to renew them.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at BlackRock's offices at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 21 February 2017 at 12.00 noon. Details of the business of the meeting are set out in the Notice of Meeting on pages 69 to 72 of this Annual Report. The Portfolio Managers will make a presentation to shareholders on the Company's performance and the outlook for the year ahead.

This year, for the first time, shareholders who are unable to attend in person will be able to watch the meeting via a live stream. Further details of how to register for this are given on page 63.

OUTLOOK

Markets are still digesting the long term implications of the victory of Donald Trump in the U.S. presidential election. Bond markets have already reacted in a way which suggests that investors are now expecting higher inflation. Unpicking how much of the pre-election rhetoric will be translated into actionable government policy is difficult to discern with any accuracy at this stage. It seems likely that growth in global trade will be hampered by a reluctance to sign new trade partnerships, although given the integration of supply chains it will be difficult to unscramble existing trade agreements. On the face of it, proposed tax cuts and infrastructure spending are likely to see growth prospects improve but also government finances deteriorate in the short term. Given the strong labour market it also seems likely that the Federal Reserve will continue to increase interest rates during the course of next year.

The recent increase in the oil price augurs well for the U.S. oil industry and associated investments. Our Portfolio Managers will continue to position the portfolio to focus on attractively-priced, quality dividend growth stocks with sound balance sheets which should be particularly well positioned for today's environment. Dividend growth, rather than the prevailing level of interest rates, will be the more important driver of long term returns.

SIMON MILLER
15 December 2016

* All percentages calculated in sterling terms with income reinvested.

Performance

Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 October 2016.

PRINCIPAL ACTIVITY

The Company carries on business as an investment trust and its principal activity is portfolio investment.

OBJECTIVE AND INVESTMENT POLICY

The Company's investment objective is to provide an attractive and growing level of income return with capital appreciation over the long term, predominantly through investment in a diversified portfolio of primarily large-cap U.S. equities with a focus on companies that pay and grow their dividends. The Company invests through an active options overlay strategy utilising predominantly covered call options and may also hold other securities from time-to-time including, inter alia, convertible securities, fixed interest securities, preference shares, non-convertible preferred stock and depositary receipts. The Company may also invest in listed large-cap equities quoted on exchanges outside the U.S., subject to the restrictions set out below, and in securities denominated in U.S. dollars and non-U.S. dollar currencies.

STRATEGY

In order to achieve the Company's investment objective, the Manager adopts a stock specific approach in managing the Company's portfolio, selecting investments that it believes will both increase in value over the long term and provide income. The Company does not invest in companies which are not listed, quoted or traded at the time of investment, although it may have exposure to such companies where, following investment, the relevant securities cease to be listed, quoted or traded. Typically, it is expected that the investment portfolio will comprise of between 80 and 120 securities (excluding its active options overlay strategy).

BUSINESS MODEL AND INVESTMENT POLICY

The Company may invest through derivatives for efficient portfolio management and may, for investment purposes, employ an active options overlay strategy utilising predominantly covered call options. Any use of derivatives for efficient portfolio management and options for investment purposes is made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments. For the avoidance of doubt, the Company does not enter into physical or synthetic short positions or write any uncovered options.

Portfolio risk is mitigated by investing in a diversified spread of investments. In particular, the Company observes the following investment restrictions: no single investment (including for the avoidance of doubt, any single derivative instrument) will, at the time of investment, account for more than 10% of the gross assets; no more than 20% of the gross assets, at the time of investment, will be invested in securities issued outside of the U.S.; no more than 35% of the gross assets, at the time of investment, will be exposed to any one sector; and no more than 20% of the Company's portfolio will be under option at any given time.

The Company's foreign currency investments are not hedged to sterling as a matter of general policy. However, the investment team may employ currency hedging, either back to sterling or between currencies (i.e. cross-hedging of portfolio investments).

In order to comply with the current Listing Rules, the Company also complies with the following investment restrictions (which do not form part of the Company's investment policy): the Company will not conduct any trading activity which is significant in the context of its group as a whole; the Company will not invest more than 10% of its gross assets in other listed closed-ended investment funds, whether managed by the Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds; and the Company will not invest more than 15% of its gross assets in other listed closed-ended investment funds, notwithstanding whether or not such funds have stated policies to invest no more than 15% of their gross assets in other closed-ended investment funds.

The Company may borrow up to 20% of its net assets (calculated at the time of draw down), although the Board intends only to utilise borrowings representing up to 10% of net assets at the time of draw down. Borrowings may be used for investment purposes. The Company has entered into a multi-currency overdraft facility with its custodian for this purpose. The Company may enter into interest rate hedging arrangements.

Information regarding the Company's investment exposures is contained within the schedule of investments on pages 16 to 19. Further information regarding investment risk and activity throughout the year can be found in the Investment Manager's Report.

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

PERFORMANCE

Over the year ended 31 October 2016, the Company's net asset value returned +34.2% compared with a return of +34.6% in the Russell 1000 Value Index. The ordinary share price returned +43.0% (all percentages are calculated in sterling terms with income reinvested). The Investment Manager's Report on pages 10 to 14 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

Performance

Strategic report continued

RESULTS AND DIVIDENDS

The results for the Company are set out in the Statement of Comprehensive Income on page 41. The total return for the year, after taxation, was £27,701,000 (2015: £5,671,000) of which the revenue return amounted to £3,730,000 (2015: £3,883,000) and the capital return amounted to £23,971,000 (2015: £1,788,000).

The Company pays dividends quarterly. One quarterly interim dividend of 1.10p per share was paid on 4 April 2016, two quarterly dividends of 1.20p per share were paid on 1 July 2016 and 7 October 2016 and a further dividend of 1.20p per share will be paid on 5 January 2017. Total dividends of 4.30p per share were paid in the year to 31 October 2015.

KEY PERFORMANCE INDICATORS

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 those reported by other investment trusts are set out below.

	Year ended 31 October 2016	Year ended 31 October 2015
Net asset value per share	158.78p	122.50p
Share price	155.75p	113.00p
Benchmark index[1]	34.6%	4.1%
Dividends per share	4.70p	4.30p
Discount to cum income net asset value	1.9%	7.8%
Ongoing charges[2]	1.04%	1.24%

1 Russell 1000 Value Index.
2 Ongoing charges represent the management fee and all other operating expenses excluding interest as a % of average shareholders' funds.

The ongoing charges ratio has decreased in the year due to a lower management fee rate.

Performance is assessed on a total return basis for the NAV, share price and the benchmark.

The Board monitors the above KPIs on a regular basis. Additionally, it regularly reviews a number of indices and ratios to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. The Board also assesses the performance of the Company against its peer group of investment trusts with similar investment objectives.

SHARE RATING

The Directors recognise the importance to investors that shares should not trade at a significant discount to their prevailing net asset value. Accordingly, the Board has concluded that the Company's share buy back and share issuance powers will, in normal market conditions, be used to ensure that the share price does not trade at a significant discount to the underlying net asset value per share. In the year under review, the Company's shares have traded at a discount in the range of 0.7% to 12.7% on a cum income basis and were trading at a discount of 1.9% as at close of business on 14 December 2016.

PRINCIPAL RISKS

The key risks faced by the Company are set out on the following pages. The Board has put in place a robust process to assess and monitor these risks. A core element of this is the Company's risk register. This identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the quality of the controls operating to mitigate it. A residual risk rating is then calculated for each risk based on the outcome of this assessment. This approach allows the effect of any mitigating procedures to be reflected in the final assessment.

The risk register and the operation of the key controls in the Manager's and other 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 the Manager's and other third party service providers' risk management processes and how these apply to the Company's business, the Audit and Management Engagement Committee periodically receives presentations from BlackRock's Internal Audit and Risk & Quantitative Analysis teams and reviews internal control reports from the Company's service providers.

In relation to the 2014 update to the UK Corporate Governance 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 Board will continue to assess the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, on an ongoing basis.

The principal risks and uncertainties faced by the Company during the year, together with the potential effects, controls and mitigating factors, are set out in the table on pages 7 and 8.

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 now 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 Returns achieved are reliant primarily upon the performance of the portfolio. An inappropriate investment policy may lead to underperformance compared to the benchmark index, a loss of capital and dissatisfied shareholders.	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 Russell 1000 Value Index and other similar indices; and ▸ ensures 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 & Compliance The Company has been accepted 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. 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. 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 and Transparency Rules and the Market Abuse Regulation.	The Investment Manager monitors investment movements, the level 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 Manager also monitor changes in government policy and legislation which may have an impact on the Company.
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 U.K. leaving the EU and the results of the recent U.S. presidential election, can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price.	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.

Principal Risk	Mitigation/Control
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, BNY Mellon Trust & Depositary (UK) Limited (the Depositary) and the Bank of New York Mellon (International) Limited, who maintain 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 third party service providers. Failure by any service provider to carry out its obligations could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records 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. 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. 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.
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 14 on pages 52 to 60, 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 C.2.2 of the 2014 UK Corporate Governance Code, the Directors have assessed the prospects of the Company for a period of three years. In its assessment of the viability of the Company the Directors have noted that:

- the Company invests in highly liquid, large listed companies so its assets are readily realisable;
- the Company is not exposed to any one investment or sector because it sets parameters for its investments;
- the Company has limited gearing and no concerns around facilities, headroom or covenants; and
- the business model should remain attractive for much longer than three years, unless there is significant economic or regulatory change.

The Company will undertake a continuation vote at the Annual General Meeting in 2019 and the Board has reviewed the potential impact that this may have on the Company's viability. The Board is confident that the continuation vote will be passed and has prepared the viability statement under this assumption.

The Directors have also reviewed:

- the Company's principal risks and uncertainties as set out above;
- the impact of a significant fall in U.S. equity markets on the value of the Company's investment portfolio;
- 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 Directors have also considered the Company's revenue and expense forecasts and the fact that expenses and liabilities are relatively stable. The Directors reviewed the assumptions and considerations underpinning the Company's existing going concern assertion which are based on:

- processes for monitoring costs;

- key financial ratios;
- evaluation of risk management and controls;
- compliance with the investment objective;
- portfolio risk profile;
- share price discount;
- gearing; and
- counterparty exposure and liquidity risk.

These were extended forward for three years and based on the results of this analysis the Directors have concluded that there is a reasonable expectation that the Company will continue in operation and be able to meet its liabilities as they fall due over the period of their assessment.

FUTURE PROSPECTS

The Board's main focus is to provide an attractive and growing level of income return with capital appreciation over the long term and the future of the Company is dependent upon the success of the investment strategy. The outlook for the Company is discussed in both the Chairman's Statement and in the 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 Company believes 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 page 31.

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 October 2016, all of whom held office throughout the year, are set out in the Governance Structure and Directors' biographies on page 20. The Board consists of three male Directors and one female Director. The Company does not have any employees; therefore there are no disclosures to be made in that respect.

The information set out on pages 10 to 19 forms part of this Strategic Report. The Strategic Report was approved by the Board at its meeting on 15 December 2016.

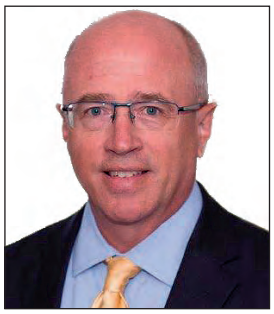
BY ORDER OF THE BOARD

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
15 December 2016

Performance

Investment manager's report

TONY DESPIRITO
Co-Manager



BOB SHEARER
Co-Manager

MARKET OVERVIEW

For the year ended 31 October 2016, U.S. large cap stocks, as represented by the S&P 500 Index, advanced by 4.5% (in U.S. dollar terms). The final two months of 2015 served as a transition point for equity markets as well as U.S. Federal Reserve ('the Fed') monetary policy. Performance was relatively muted during the period as better than expected U.S. payroll and economic data were offset by fears of slowing Chinese growth, the impact of lower crude oil prices, and uncertainty related to the Paris terror attacks. Notably, the Fed raised U.S. interest rates at the end of 2015 for the first time since 2006, and cited potential future rate hikes as being gradual and data dependent.

Equity market volatility spiked during the first six weeks of 2016 as headlines were dominated by slowing global growth fears and geopolitical events, which were offset by dovish Fed comments and worldwide central bank easing. The S&P 500 Index experienced a -10.3% drawdown, in U.S. dollar terms, before rebounding sharply higher as the commodities complex rallied and global growth fears abated. U.S. stocks continued to climb higher in the months ahead until the U.K.'s vote to exit from the European Union ('Brexit') unexpectedly jolted global markets. Although Brexit initially triggered a sharp sell-off, U.S. equities shrugged off the headline news and rebounded to pre-Brexit levels during the final trading days in June.

In recent months, U.S. equity markets have accelerated higher as improving economic data has further eased global growth concerns, and global central bank asset purchases have continued to stifle overall equity market volatility. As U.S. investors looked towards the final two months of 2016, focus shifted to the U.S. presidential election results and impacts, as well as the trajectory of U.S. company earnings trends.

PORTFOLIO OVERVIEW

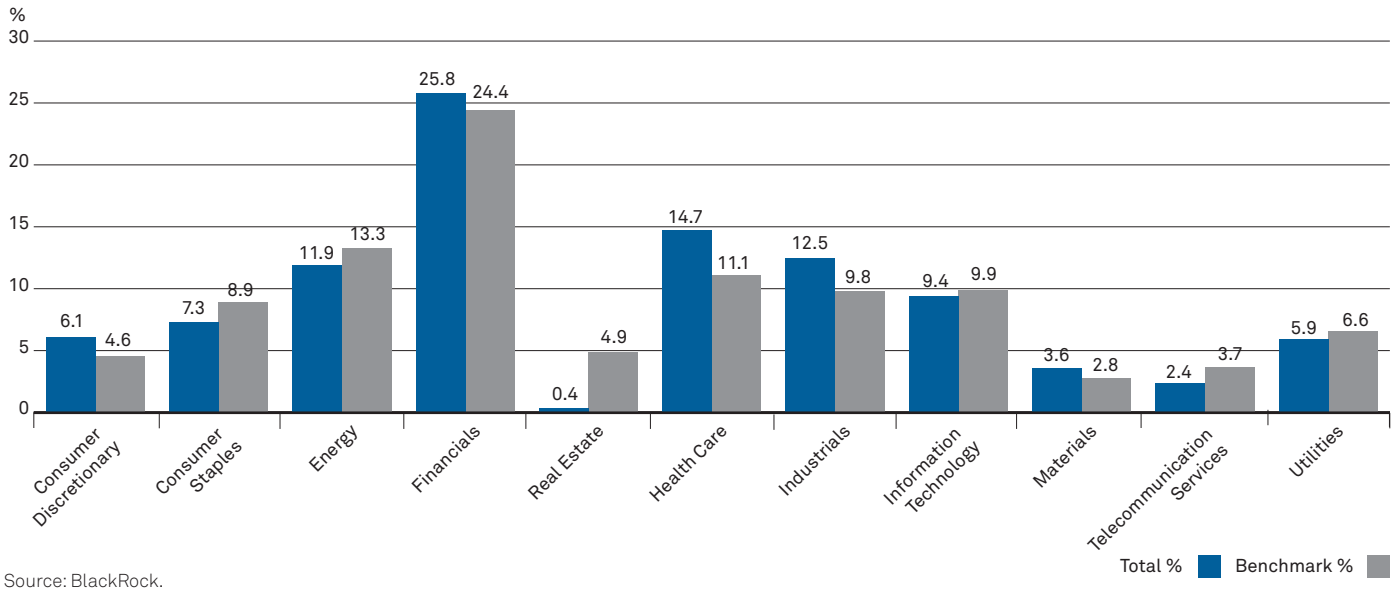
The largest contributor to relative performance during the year was a combination of stock selection and an overweight to the energy sector. Notable portfolio contributors included an overweight position to Pioneer Natural Resources and the ownership of non-benchmark holding Suncor Energy. The decision not to own benchmark holding Kinder Morgan also proved to be beneficial. A combination of stock selection and an overweight position to the aerospace & defence industry also boosted relative returns. Broadly, the industry benefited from an inflection in higher U.S. defence spending and this has contributed to strong top line growth for portfolio positions such as Northrop Grumman and Raytheon. Another notable contributor included our decision to be underweight the automobiles industry. We believe low automobile valuations are justified and that long term investment prospects are unattractive for several reasons: robust sales in recent years are showing signs of slowing, margins may be at a peak after years of positive mix shift from cars to higher margin trucks/SUVs, and mid to long term risks from autonomous driving and potential competitive disintermediation. Lastly, stock selection in the health care sector added to relative returns during the reporting period.

The largest detractor from relative performance for the year was stock selection in the consumer staples sector. Notably, non-benchmark holding Kroger underperformed after lowering 2016 guidance and reporting weaker-than-consensus earnings, due in part to food deflation and increasing competition. We believe these headwinds are transitory and remain shareholders of the company. A combination of stock selection and allocation decisions in the financial sector also hurt relative returns. Falling U.S. interest rates negatively impacted our overweight position in life insurer MetLife and property & casualty insurer, The Travelers Companies, which underperformed due to pricing challenges in its commercial business. Lower interest rates also proved to be a headwind for our U.S. bank holdings including Citigroup and Wells Fargo. Stock selection in the information technology sector also dampened relative returns. Notably, non-benchmark holding Lenovo Group lagged after delivering weaker than expected revenue growth in its mobile and enterprise business segments. The decision to not own benchmark securities Hewlett Packard and Apple also proved to be costly. Lastly, stock selection in materials detracted from relative performance for the one year period.

As expected, writing covered call options in a rising equity environment capped upside returns during the year and therefore detracted modestly from absolute performance. As designed, the Company's option overwrite component enhanced the portfolio's income during the year.

Below is a comprehensive overview of our allocations (in sterling) at the end of the year.

DISTRIBUTION OF INVESTMENTS AS AT 31 OCTOBER 2016



Source: BlackRock.

Health Care – 3.6% overweight (14.7% of portfolio)

The Company's overweight in health care is concentrated in the pharmaceuticals and managed care industries. In pharmaceuticals, valuations are more expensive than in years past, but we believe that the industry remains attractively priced relative to other defensive, higher-yielding sectors. Underlying fundamentals are also strong, with companies offering robust drug pipelines, improved research and development efficiency, strong free cash flow generation and lower patent expirations going forward. In the managed care industry, notable portfolio holdings include Anthem (1.5% of the portfolio), Aetna (1.5% of the portfolio) and UnitedHealth Group (1.3% of the portfolio). These companies exhibit many of the quality and stability characteristics that we like, along with solid earnings and dividend growth prospects.

Industrials – 2.7% overweight (12.5% of portfolio)

The Company's overweight position to industrials is concentrated in the aerospace & defence industry. We are particularly bullish on the defence stocks given their solid balance sheets, strong free cash flows and the potential for further increases in defence spending in light of mounting geopolitical tensions globally. We also maintain exposure to industrial conglomerates such as General Electric (3.2% of the portfolio) and Honeywell (1.5% of the portfolio) given their diverse revenue streams, stable growth profiles and healthy dividend yields.

Consumer Discretionary – 1.5% overweight (6.1% of portfolio)

After years of deleveraging, the balance sheet for U.S. households has improved. Consumers have also benefited from a recovering domestic housing market, solid jobs growth, lower gas prices and moderate wage growth. Although these factors are undoubtedly a positive for the economy and consumer-related spending, changing consumer preferences (i.e. spending on experiences versus things) and shifts in consumer behaviour (i.e. growth in internet retail) are notable disruptors to traditional business models. Therefore, the Company's overweight in the consumer discretionary sector is premised on stock-specific ideas. Our largest position in this sector is Comcast Corporation (1.8% of the portfolio).

Materials – 0.8% overweight (3.6% of portfolio)

Our exposure to the materials sector is primarily based in the chemical industry. In particular, we believe that longer term secular trends in global population growth will benefit well positioned companies in the agricultural chemical industry. In addition, we see opportunity in higher margin specialty chemicals. M&A is likely to be a positive catalyst for the industry and, ultimately, we believe that companies with scale, focus and high-quality assets will be able to deliver stronger earnings and dividend growth.

Performance

Investment manager's report continued

Financials – 1.4% overweight (25.8% of portfolio)

Financials is the Company's largest sector allocation and we maintain a high level of conviction in the sector. We are particularly bullish on the U.S. banks and capital markets stocks. Our bullishness is predicated on our belief that these banks are safer and sounder investments today than before the financial crisis. These banks have improving balance sheets, low credit losses, high capital levels, and attractive valuations. In addition, the headwinds from litigation and regulation are diminishing. As such, we believe that the banks are well positioned for future dividend growth.

Information Technology – 0.5% underweight (9.4% of portfolio)

Although the Company remains underweight in information technology, we are increasingly positive on the sector. Our preference is to own large-cap, cash rich companies that are competitively insulated from disruptors and well-positioned for growth in areas such as cloud computing. Valuations remain attractive and companies such as Microsoft (2.4% of the portfolio), Oracle (1.8% of the portfolio), Samsung Electronics (1.4% of the portfolio) and Qualcomm (1.3% of the portfolio) offer a compelling mix of healthy balance sheets, strong free cash flow generation and growing dividend streams.

Utilities – 0.7% underweight (5.9% of portfolio)

Our utilities exposure is concentrated in regulated operators, given their durable dividend profiles and resilience in slow growth environments. From a fundamental standpoint, we believe the sector is increasingly bifurcated in terms of the differences between strong and weak companies. As such, we are focused on owning firms with clear plans for future growth that are trading at attractive valuations. We also prefer to invest in firms that are not entirely dependent on demand and are in a unique position to focus on strategic capital expenditures. We believe that these factors will be increasingly important given slowing demand and declining electricity usage rates across the industry.

Telecommunication Services – 1.3% underweight (2.4% of portfolio)

We are underweight to telecoms and our allocation remains concentrated in diversified telecommunication bellwether, Verizon Communications. Wireless operations drive revenue in the sector and service bundling has led to stickier consumers, better earnings visibility and less customer churn, all of which are positives. Overall, this sector offers healthy dividend yields and opportunity for steady, longer term growth.

Energy – 1.4% underweight (11.9% of portfolio)

The Company's allocation to the energy sector steadily increased during the trailing 12-month period. A sharp drawdown in WTI crude oil prices in early 2016 presented an attractive buying opportunity and we have continued to add exposure in recent months to quality operators that we believe are trading at a discount. Interestingly, the price of WTI crude oil is unchanged year-on-year ($46.83 per barrel as of 31 October 2016 versus $46.40 per barrel on 31 October 2015), albeit sharply higher from its low of $26.19 per barrel on 11 February 2016. Importantly, investor sentiment has improved year-on-year given the expectation for a more balanced supply and demand picture in 2017. Fundamentally, we continue to favour oil-weighted companies over those levered to natural gas. At the industry level we look for companies with experienced management teams and strong balance sheets that are operating on the lower-end of the production cost curve. Companies with the ability to grow production throughout the operating cycle are also attractive from an investment perspective.

Consumer Staples – 1.6% underweight (7.3% of portfolio)

The Company has traditionally maintained an overweight in consumer staples due to the sector's recurring purchase theme, solid-brand leadership, stable earnings and dividend growth potential. We are now underweight due to concerns about high valuations, slowing earnings growth, and potential disruptions from online competition/changing consumer preferences. Within the sector we favour tobacco stocks as they are immune to most of the aforementioned pressures and are beneficiaries of the improved macroeconomic backdrop for low-end consumers.

Real Estate – 4.5% underweight (0.4% of portfolio)

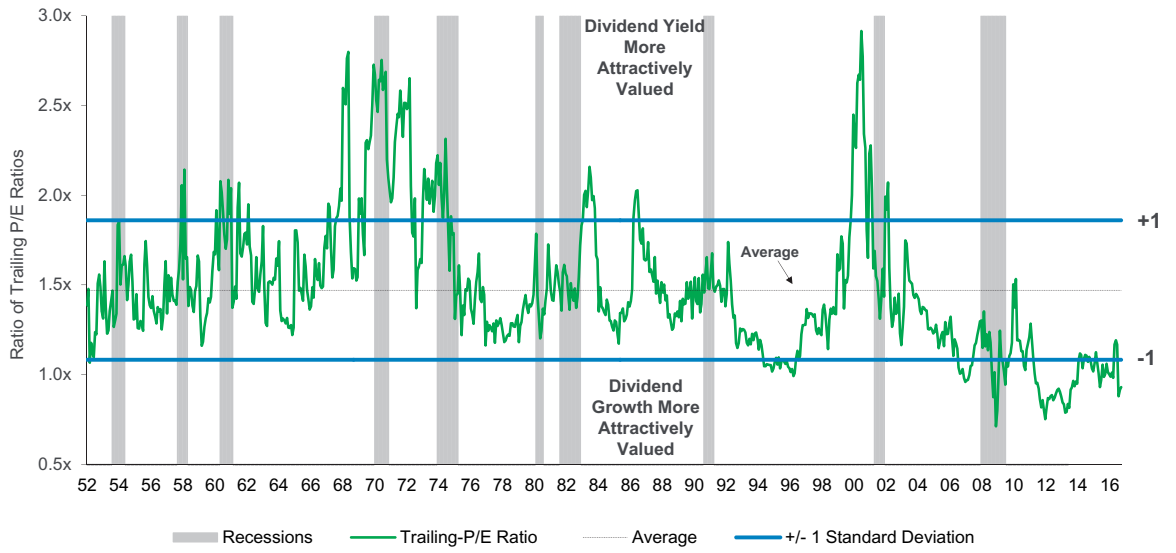
The Company is underweight to the real estate sector given our view that valuations are expensive. Notably, the correlation of returns exhibited by real estate companies, relative to the performance of long term U.S. Treasury bonds, are elevated relative to history. We anticipate U.S. interest rates increasing from current levels and believe that this outcome may negatively impact the sector's performance.

Today's Challenges: Stock Valuations

High Dividend Yield is Expensive; High Dividend Growth Is Attractively Priced

- Dividend growth is attractively valued relative to dividend yield

Large-Capitalisation Stocks: Highest Quintiles of Dividend Growth and Yield Ratio of Trailing-P/E Ratio[1]

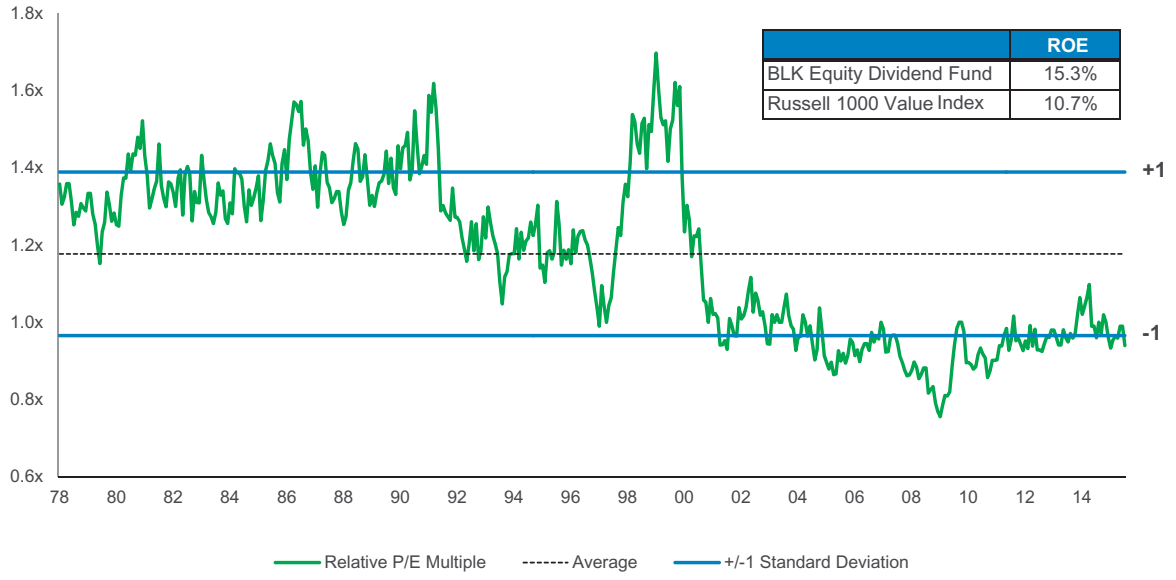


Source: Corporate Reports, Empirical Research Partners Analysis. Data from January 1952 – September 2016.

[1]Capitalization-weighted data.

High ROE Stocks Are Attractively Priced

Large-Capitalisation Stocks in the Highest Quintile of ROE Relative P/E Ratio[1]



[1]ROE stands for return on equity. The relative P/E Ratio is calculated versus the median ROE for the Large-Cap Stock universe. Data from 31 December 1978 through 30 June 2016.
Source: BlackRock Quantitative Alpha Research Group.

Performance

Investment manager's report continued

POSITIONING AND OUTLOOK

We believe opportunities and risks remain balanced as investors look to the remaining months of 2016. Notably, powerful secular forces, including demographic trends and disruptive technologies, are further complicating an investment landscape characterised by slow global economic growth and geopolitical risks. We are mindful of these concerns, but see opportunity for investors with a multi-year time horizon and the ability to weather short term market volatility. Importantly, the U.S. economy remains on a solid footing: steady job growth in recent years has restored the labour force to near full employment, incomes are slowly rising, and consumer spending and housing demand remain upward trends. For these reasons, the U.S. economy is likely to continue its slow growth trajectory, albeit with potential bursts of volatility and more moderate return expectations given current valuations and the business cycle's overall duration.

In this environment, we continue to emphasise the core tenets of our investment philosophy: disciplined application of value investment principles, an emphasis on owning quality and sustainable businesses, dividend growth and a long term investment horizon. We believe that attractively-priced, dividend growth stocks with sound balance sheets are particularly well positioned for today's environment. These companies typically yield more than 10-year and 30-year U.S. Treasuries and offer the potential for future capital appreciation and income growth.

The Company is positioned to benefit from the maturing U.S. business cycle and the slow growth environment we see unfolding over time. Our largest exposures are in the financials, health care and industrials sectors. In recent months, we increased the portfolio exposure to the financials sector by initiating a new position in Keycorp and increasing our allocation to Bank of America. We also increased our health care allocation through adding to existing holdings in AstraZeneca, Anthem and Aetna. Other notable portfolio additions included initiating new positions in Experian and Publicis Groupe. Conversely, we reduced our exposure to the information technology sector by trimming our position in Intel. We also reduced our exposure to the consumer discretionary sector by exiting our position in McDonald's.

TONY DESPIRITO AND BOB SHEARER
BLACKROCK INVESTMENT MANAGEMENT LLC
15 December 2016

Performance

Ten largest investments as at 31 October 2016

JPMorgan Chase: **3.5%** (2015: 4.1%) is a U.S. based diversified financial company. JPMorgan's capital base remains one of the strongest in the industry and it provides a measure of safety and financial flexibility. Overall, we believe JPMorgan offers investors the potential for future earnings power through broadening customer relationships, increasing loan growth and efficient management of expenses.

Pfizer: **3.4%** (2015: 2.9%) is a diversified pharmaceutical firm with a history of generating returns in excess of its cost of capital, which has translated to strong free cash flow generation and an attractive and consistent dividend yield over time. Pfizer trades at an attractive valuation, offers investors a healthy drug pipeline, and has the balance sheet flexibility to deliver long term shareholder value through a variety of avenues.

Bank of America: **3.4%** (2015: 1.5%) is one of the largest financial institutions in the U.S. and the world, with lending operations in the consumer, small-business, and corporate markets, in addition to asset management and investment banking divisions. Bank of America's advantages range from its massive deposit and consumer lending franchise to the 'thundering herd' of Merrill Lynch's brokers and wealth managers.

General Electric: **3.2%** (2015: 3.0%) is a diversified industrials conglomerate with operations in technology infrastructure, energy infrastructure, home and business services and capital services. GE's strong management team, depth and breadth of products and ability to secure pricing, continue to make it a desirable long term holding.

Wells Fargo: **2.7%** (2015: 3.9%) is a U.S. diversified bank with a strong west coast franchise and growing national footprint. Wells Fargo is an industry leader in building deep customer relationships and the firm's ability to integrate products and services into client solutions has historically added to the bank's pricing and earnings power. Finally, the bank has a strong focus on capital return with above average dividends and buybacks versus peers.

Citigroup: **2.5%** (2015: 3.2%) is a U.S. based money centre bank with a global footprint. We believe Citigroup is attractively valued on both a price-to-earnings and book value basis. The firm has demonstrated an ability to achieve its efficiency targets and cut costs, which we believe will ultimately contribute to stronger earnings power and increasing capital return to shareholders.

Microsoft: **2.4%** (2015: 2.3%) is a global technology leader that is engaged in developing and licensing both software and hardware products & services. We view Microsoft as an attractive long term investment given the firm's overall 'ecosystem', which historically has resulted in pricing power and efficient free cash flow generation over time. As technology spending continues to shift towards the cloud (i.e. delivery of software and services over the internet), we believe Microsoft has the right mix of assets and enterprise business relationships to drive top line growth moving forward.

Merck: **2.3%** (2015: 2.1%) is a global pharmaceuticals operator with a diversified drug pipeline in areas including immuno-oncology and treatments for Alzheimer's, Hepatitis-C and Diabetes. We believe Merck trades at a discounted valuation that underappreciates the company's portfolio of assets and overall earnings potential.

Occidental Petroleum: **2.1%** (2015: 1.7%) is a U.S. based oil and gas exploration & production company. The firm has three primary business segments including Oil & Gas (O&G), Chemical and Midstream, and Marketing (M&M). Notably, Occidental has a low cost advantage relative to peers given its strong shale acreage within the U.S. Permian basin.

SunTrust Banks: **1.9%** (2015: 1.8%) is a regional bank based in the southeastern U.S. SunTrust has executed well in recent years and we believe the stock warrants a premium multiple relative to its regional bank peers. Central to our investment thesis is a belief that the firm can further reduce core expenses, reach efficiency targets and return increasing capital to shareholders.

All percentages reflect the value of the holding as a percentage of total investments. Percentages in brackets represent the value of the holding as at 31 October 2015. Together, the ten largest investments represent 27.4% of the Company's portfolio (31 October 2015: 29.0%).

Performance

Investments as at 31 October 2016

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
JPMorgan Chase	United States	Financials	Ordinary shares	3,674	3.5
Pfizer	United States	Health Care	Ordinary shares Option	3,591 (4)	3.4
Bank of America	United States	Financials	Ordinary shares	3,532	3.4
General Electric	United States	Industrials	Ordinary shares Option	3,249 (2)	3.2
Wells Fargo	United States	Financials	Ordinary shares Option	2,877 (5)	2.7
Citigroup	United States	Financials	Ordinary shares	2,590	2.5
Microsoft	United States	Information Technology	Ordinary shares Option	2,507 (13)	2.4
Merck	United States	Health Care	Ordinary shares Option	2,374 (1)	2.3
Occidental Petroleum	United States	Energy	Ordinary shares Option	2,207 (6)	2.1
SunTrust Banks	United States	Financials	Ordinary shares Option	1,999 (2)	1.9
Comcast	United States	Consumer Discretionary	Ordinary shares Option	1,896 (1)	1.8
Oracle	United States	Information Technology	Ordinary shares Option	1,842 (2)	1.8
Raytheon	United States	Industrials	Ordinary shares Option	1,839 (1)	1.7
Morgan Stanley	United States	Financials	Ordinary shares	1,696	1.7
Exxon Mobil	United States	Energy	Ordinary shares Option	1,688 –	1.6
Chevron	United States	Energy	Ordinary shares Option	1,685 (5)	1.6
Total	France	Energy	Ordinary shares Option	1,685 (7)	1.6
Northrop Grumman	United States	Industrials	Ordinary shares Option	1,662 (17)	1.6
Home Depot	United States	Consumer Discretionary	Ordinary shares Option	1,638 (5)	1.5
Anthem	United States	Health Care	Ordinary shares Option	1,617 –	1.5
Dollar General	United States	Consumer Discretionary	Ordinary shares Option	1,615 (7)	1.5
American International Group	United States	Financials	Ordinary shares	1,591	1.5
Aetna	United States	Health Care	Ordinary shares Option	1,592 (2)	1.5
Suncor Energy	Canada	Energy	Ordinary shares Option	1,576 (12)	1.5
Johnson & Johnson	United States	Health Care	Ordinary shares Option	1,573 (10)	1.5
Honeywell International	United States	Industrials	Ordinary shares Option	1,563 (10)	1.5

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Du Pont	United States	Materials	Ordinary shares	1,553	1.5
NextEra Energy	United States	Utilities	Ordinary shares Option	1,555 (9)	1.5
Verizon Communications	United States	Telecommunication services	Ordinary shares Option	1,539 (1)	1.5
US Bancorp	United States	Financials	Ordinary shares Option	1,538 (11)	1.4
Samsung Electronics	United States	Information Technology	Ordinary shares	1,520	1.4
Kroger	United States	Consumer Staples	Ordinary shares Option	1,513 (19)	1.4
Prudential Financial	United States	Financials	Ordinary shares Option	1,423 (4)	1.3
AstraZeneca	United Kingdom	Health Care	Ordinary shares Option	1,406 (2)	1.3
UnitedHealth Group	United States	Health Care	Ordinary shares Option	1,386 (4)	1.3
Dow Chemical	United States	Materials	Ordinary shares	1,376	1.3
Qualcomm	United States	Information Technology	Ordinary shares Option	1,364 (10)	1.3
Lockheed Martin	United States	Industrials	Ordinary shares Option	1,348 (2)	1.3
Coca-Cola	United States	Consumer Staples	Ordinary shares Option	1,284 (2)	1.2
MetLife	United States	Financials	Ordinary shares Option	1,246 (3)	1.2
Quest Diagnostics	United States	Health Care	Ordinary shares Option	1,225 (1)	1.2
Procter & Gamble	United States	Consumer Staples	Ordinary shares Option	1,212 (6)	1.1
Dominion Resources	United States	Utilities	Ordinary shares Option	1,178 (7)	1.1
Intel Corporation	United States	Information Technology	Ordinary shares Option	1,098 –	1.0
United Parcel Service	United States	Industrials	Ordinary shares Option	1,100 (3)	1.0
Goldman Sachs	United States	Financials	Ordinary shares	996	0.9
Travelers Companies	United States	Financials	Ordinary shares Option	995 (1)	0.9
CME	United States	Financials	Ordinary shares Option	992 –	0.9
Public Service Enterprise	United States	Utilities	Ordinary shares	921	0.9
Motorola Solutions	United States	Information Technology	Ordinary shares Option	881 (2)	0.8
Diageo	United Kingdom	Consumer Staples	Ordinary shares Option	873 (2)	0.8
Gap	United States	Consumer Discretionary	Ordinary shares Option	865 (20)	0.8

Performance

Investments as at 31 October 2016 continued

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Unilever	Netherlands	Consumer Staples	Ordinary shares Option	825 –	0.8
Hess	United States	Energy	Ordinary shares Option	812 (1)	0.8
Marathon Petroleum	United States	Energy	Ordinary shares Option	813 (4)	0.8
Exelon	United States	Utilities	Ordinary shares Option	759 (3)	0.7
Becton Dickinson	United States	Health Care	Ordinary shares Option	748 (3)	0.7
CMS Energy	United States	Utilities	Ordinary shares Option	686 (2)	0.6
Invesco	United States	Financials	Ordinary shares	663	0.6
Union Pacific	United States	Industrials	Ordinary shares Option	613 –	0.6
SK Telecom	South Korea	Telecommunication Services	Ordinary shares Option	604 (1)	0.6
Mondelez International	United States	Consumer Staples	Ordinary shares Option	604 (6)	0.6
Philip Morris International	United States	Consumer Staples	Ordinary shares Option	563 (2)	0.5
Spectra Energy	United States	Utilities	Ordinary shares Option	538 (2)	0.5
Marsh & McLennan	United States	Financials	Ordinary shares Option	536 (1)	0.5
Nielsen	United States	Industrials	Ordinary shares Option	536 (2)	0.5
International Paper	United States	Materials	Ordinary shares Option	534 –	0.5
ConocoPhillips	United States	Energy	Ordinary shares Option	531 (2)	0.5
Allstate	United States	Financials	Ordinary shares Option	530 (1)	0.5
Publicis Groupe	France	Consumer Discretionary	Ordinary shares Option	508 –	0.5
Lenovo	China	Information Technology	Ordinary shares	505	0.5
Schlumberger	United States	Energy	Ordinary shares Option	488 (3)	0.5
Altria Group	United States	Consumer Staples	Ordinary shares Option	461 (6)	0.4
3M	United States	Industrials	Ordinary shares Option	455 –	0.4
Keycorp	United States	Financials	Ordinary shares Option	454 (10)	0.4
Weyerhaeuser	United States	Real Estate	Ordinary shares Option	440 –	0.4
Experian	Ireland	Industrials	Ordinary shares	418	0.4

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Reynolds American	United States	Consumer Staples	Ordinary shares Option	394 (30)	0.3
Praxair	United States	Materials	Ordinary shares Option	328 (1)	0.3
Anadarko Petroleum	United States	Energy	Ordinary shares Option	324 (1)	0.3
BCE	Canada	Telecommunication services	Ordinary shares Option	314 –	0.3
Rockwell Automation	United States	Industrials	Ordinary shares Option	302 (1)	0.3
Marathon Oil	United States	Energy	Ordinary shares Option	297 –	0.3
Pioneer Natural Resources	United States	Energy	Ordinary shares Option	295 (2)	0.3
Nvidia	United States	Information Technology	Ordinary shares Option	267 (5)	0.2
Mead Johnson Nutrition	United States	Consumer Staples	Ordinary shares Option	257 –	0.2
American Water Works Association	United States	Utilities	Ordinary shares Option	217 –	0.2
DTE Energy	United States	Utilities	Ordinary shares Option	202 (1)	0.2
First Energy	United States	Utilities	Ordinary shares	160	0.2
Portfolio				**105,415**	**100.0**

All investments are in ordinary shares unless otherwise stated. The number of holdings as at 31 October 2016 was 89 (31 October 2015: 87). The total number of individual open options as at 31 October 2016 was 186 (31 October 2015: 151).

The negative valuation of £311,000 in respect of options held represents the notional cost of repurchasing the contracts at market prices as at 31 October 2016 (31 October 2015: £618,000).

At 31 October 2016, the Company did not hold any equity interests comprising more than 3% of any company's share capital.

Governance

Governance structure and directors' biographies

Responsibility for good governance lies with the Board. The governance framework of the Company reflects the fact that as an investment company it has no employees and outsources investment management to the Manager and other external service providers.

The Board

Four Non-Executive Directors (NEDs), all independent of the Investment Manager

Chairman: Simon Miller

5 full scheduled meetings per annum

Objectives:

- To determine investment policy, strategy and parameters;
- 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 set the Company's remuneration policy and keep under review.

Committees

Audit and Management Engagement Committee

3 scheduled meetings per annum

Membership: All NEDs

Chairman: Christopher Casey

Key objectives:

- To oversee financial reporting and the control environment;
- To review other service providers; and
- To review the performance of the Manager.

Nomination Committee

1 scheduled meeting per annum

Membership: All NEDs

Chairman: Simon Miller

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.

Directors

Simon Miller

Chairman,
Appointed 7 September 2012

is chairman of Dunedin LLP, Brewin Dolphin Holdings PLC and JPMorgan Global Convertibles Income Fund Limited and a non-executive director of Scottish Friendly Assurance Society Limited and STV Group plc. He was previously chairman of Artemis Alpha Trust plc, JPMorgan Elect plc and Amati VCT PLC.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

Christopher Casey (FCA)

Audit and Management Engagement Committee Chairman,
Appointed 7 September 2012

has over 30 years' strategic financial experience. He was previously a partner of KPMG LLP and its predecessor firms from 1992, having joined Peat Marwick & Mitchell in 1977. He was initially audit partner responsible for a series of assignments for large and quoted companies but latterly specialised in M&A advisory assistance both pre and post deal. He is also a director of TR European Growth Trust PLC.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

Andrew Irvine

Appointed 7 September 2012

is non-executive chairman of Jones Lang La Salle Scotland and has over 30 years' experience in the field of property development and investment. He is also chairman of Montanaro European Smaller Companies PLC and Fidelity Special Values PLC and a director of Securities Trust of Scotland PLC. He is past chairman of Celtic Rugby and the British and Irish Lions Limited and a past president of the Scottish Rugby Union.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

Alice Ryder

Appointed 12 June 2013

is a partner of Stanhope Capital LLP and has more than 25 years' investment experience, comprising the last twelve years as an investment consultant in the charity sector and as a fund manager from 1985 to 2002. She is a member of the Chartered Institute for Securities and Investment. She is responsible for advising substantial charity and not for profit clients at Stanhope Consulting, a division of Stanhope Capital LLP, and was previously a director of Jewson Associates Limited. She has been appointed to the board of JPMorgan Smaller Companies Investment Trust plc with effect from 1 February 2017.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

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.

Governance

Directors' report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 October 2016.

STATUS OF THE COMPANY

The Company carries on business as an investment trust. It has been approved by HM Revenue & Customs 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 requirements. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

The Company is domiciled in the UK as an investment company within the meaning of section 833 of the Companies Act 2006. It is not a close company and has no employees.

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) and 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 AIFM 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.co.uk/brna, the Regulatory Disclosures section on pages 67 and 68, and in the notes to the financial statements on pages 52 to 60.

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

THE COMMON REPORTING STANDARD

New 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 will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certification 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.

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 investment products because they are shares in an investment trust.

DIVIDENDS

Details of dividends paid and payable in respect of the year are set out in the Strategic Report on page 6.

INVESTMENT MANAGEMENT AND ADMINISTRATION

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014, having been authorised as an AIFM by the FCA on 1 May 2014. The management contract is terminable by either party on six months' notice.

BlackRock Investment Management (UK) Limited (BIM (UK)) continues to act 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. Up to and including 31 October 2015, BFM received a management fee payable quarterly in arrears calculated at the rate of one-quarter of 1.0% per quarter of the Company's market capitalisation. With effect from 1 November 2015, the arrangement was replaced with a base fee of 0.75% per annum of net assets.

Where the Company invests in other investment or cash funds managed by BlackRock, any underlying fee charged is rebated. Further details in relation to the management fee are given in note 4 to the Financial Statements on page 48.

The Manager has delegated certain of its responsibilities and functions, including its discretionary management of the Company's portfolio, to the U.S. based equity income investments' team who are employed by BlackRock Investment Management LLC (BIM LLC), a limited liability company incorporated in Delaware which is regulated by the U.S. Securities and Exchange Commission.

BFM, BIM (UK) and BIM LLC are subsidiaries of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm. The PNC Financial Services Group, Inc. has a significant economic

interest in BlackRock, Inc. PNC Financial Services Group, Inc. is a U.S. public company.

The Company contributes to a focused investment trust sales and marketing initiative operated by BIM (UK) 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 (£97.5 million) as at 31 December 2015 and this contribution is matched by BIM (UK). Total fees paid or payable for the year ended 31 October 2016 amounted to £35,000 (excluding VAT) (2015: £92,000) before writeback of prior year over accruals of £59,000. 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.

APPOINTMENT OF THE MANAGER

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis and a formal review is conducted annually. As part of this 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 performance of the Company since inception in October 2012 has been disappointing versus the benchmark index. However, in line with the Company's objective, the Board places greater importance on the Investment Manager's ability to deliver long term performance. In the Board's view, this is best served by the Equity Dividend team within the Fundamental Active Equity business of BlackRock's Active Equity Group which is responsible for the discretionary management of the Company's portfolio and has successfully steered the U.S. $20.4 billion Representative Account through bull and bear markets, outperforming its benchmark, the broad market and the Lipper peer group average to preserve and grow investors' capital over the longer term.

Additionally, the Board has noted that the Investment Manager continues the process of evolving and enhancing the Equity Dividend platform which commenced two years ago. During this time, the Equity Dividend team has invested in both people and processes and will continue to do so moving forward. In addition to the appointment of Tony DeSpirito as co-manager of the portfolio two years ago, the team has added two co-directors of research, both of whom have worked for Mr DeSpirito for over a decade, and four additional research analysts. The team is constantly in the process of scouting out strong investment talent through a rigorous process and, over the last two years, has grown from five investment professionals to ten.

The BlackRock Equity Dividend team is one of the best resourced and most experienced in U.S. fundamental active equity and the Board has concluded that it is in shareholders' interests as a whole that BFM should continue as Manager of the Company. The continued appointment of BFM was approved on 29 September 2016.

The principal contents of the agreement with the Manager have been set out in the previous section. Having considered the terms of this agreement, and where relevant those of companies in the same peer group, the Board considers that the terms of the agreement represent an appropriate balance between cost and incentivisation of the Manager.

DEPOSITARY AND CUSTODIAN

The Company appointed BNY Mellon Trust & Depositary (UK) Limited (BNYMTD or the Depositary) with effect from 2 July 2014. Their 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. BNYMTD receives a fee payable at 0.0115% of the net assets of the Company. The Company has appointed BNYMTD in a tripartite agreement to which BFM as AIFM is also a signatory. The Depositary is also liable for the loss of the financial instruments held in custody. The depositary agreement is subject to 90 days' notice of termination by any party.

Under the depositary agreement, custody services in respect of the Company's assets have been delegated to the Bank of New York Mellon (International) Limited (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.

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.

Computershare receives a fixed fee plus disbursements and VAT for the maintenance of the register. Fees in respect of other services are negotiated on an arising basis.

CHANGE OF CONTROL

There are no agreements to which the Company is a party that might be affected by a change in 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 by BFM. BIM (UK)'s approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BIM (UK) believes that sound corporate governance practices by companies contribute to their long term financial performance and thus to better risk-adjusted returns. BIM (UK)'s proxy voting process is led by its Corporate Governance and Responsible Investment team, located in six offices around the world. In addition to its own professional staff, the Corporate Governance and Responsible Investment team draws upon the expertise of BIM (UK)'s portfolio managers, researchers and other internal and external resources globally.

BIM (UK)'s global corporate governance and engagement principles are published on the website blackrock.com/corporate/en-gb/about-us/investment-stewardship/voting-guidelines-reports-position-papers. The principles set out BIM (UK)'s views on the overarching features of corporate governance that apply in all markets. For each region, BIM (UK) also publish market-specific policies, which are updated every year to ensure that they remain relevant.

The voting guidelines are principles-based and not prescriptive because BIM (UK) believes that each voting situation needs to be assessed on its merits. Voting decisions are taken to support the outcome that BIM (UK) believe in their professional judgement will best protect the economic interests of their clients.

Details of the voting record in respect of the Company's portfolio for the year ended 31 October 2016 are set out in the table below:

Number of meetings voted	Number of proposals	% of meetings voted against, withheld or abstained on one or more management recommendations	% of proposals voted against management recommendations
96	1,464	61.4%	11.3%

PRINCIPAL RISKS

The key risks faced by the Company are set out in the Strategic Report on pages 7 and 8.

GOING CONCERN

The financial statements of the Company have been prepared on a going concern basis. Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements. A statement on the medium term viability of the Company can be found in the Strategic Report on pages 8 and 9. The Company is able to meet all of its liabilities from its assets and income generated from these assets and the ongoing charges are 1.04% of net assets.

DIRECTORS

The Directors of the Company as at 31 October 2016 and their biographies are set out on page 20. Details of their interests in the shares of the Company are set out in the Directors' Remuneration Report on page 28. All of the Directors held office throughout the year under review.

Directors' retirements are subject to the Articles of Association. The Company's Articles of Association provide that one third of Directors retire by rotation each year and that each Director shall retire and offer himself/herself for re-election at intervals of no more than three years. The Board may also appoint Directors to the Board but any Director so appointed must stand for election by shareholders at the next Annual General Meeting in accordance with the Articles of Association. In addition, any Director who is not considered by the Board to be independent of the Manager or who will have served more than nine years on the Board will be subject to annual re-election. Subject to these requirements for re-election, Directors are appointed to the Board for a specified period, initially for three years and subsequent extensions are, in each case, at the discretion of the Board.

Ms Ryder will retire in accordance with the Articles of Association regarding retirement by rotation and will be seeking re-election. The Board has considered the position of Ms Ryder as part of the evaluation process and believes it would be in the Company's best interests for her to be proposed for re-election at the forthcoming Annual General Meeting, given her material level of contribution and commitment to the role. The Board accordingly recommends her re-election. Directors collectively bring to the Board extensive knowledge and commercial experience.

There were no contracts subsisting during the year under review or up to the date of this report 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 is entitled to compensation for loss of office on the takeover of the Company. None of the Directors has a service contract with the Company.

DIRECTORS' INDEMNITY

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 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 for inspection at the Annual General Meeting.

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. 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. The Board has considered that the framework worked effectively throughout the year under review. All such situations were reviewed by the Board and duly authorised. Directors were also made aware that there remains a continuing obligation to notify the Company Secretary of any new situation that may arise, or any change to a situation 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 26 to 28. Ordinary resolutions to approve this report, and also to approve the remuneration policy as set out in the future policy table on page 27, will be put to shareholders at the Company's next Annual General Meeting.

NOTIFIABLE INTEREST IN THE COMPANY'S VOTING RIGHTS

As at 31 October 2016, the following investors had declared a notifiable interest in the Company's voting rights.

	Number of ordinary shares	% of issued share capital
Investec Wealth & Investment Ltd	13,298,506	19.3
Brewin Dolphin Limited	13,241,580	19.2

As at 5 December 2016, the following had declared a notifiable interest in the Company's voting rights.

	Number of ordinary shares	% of issued share capital
Investec Wealth & Investment Ltd	13,305,288	19.3
Brewin Dolphin Limited	12,904,435	18.7

The Company is also aware that 0.5% of the Company's voting rights were held by investors through the BlackRock Investment Trusts Savings Plan and Stocks and Shares NISA as at 5 December 2016.

SHARE CAPITAL

Full details of the Company's issued share capital are given in note 12 to the Financial Statements on page 51. Details of the voting rights in the Company's shares as at the date of this report are also given in note 17 to the Notice of Annual General Meeting on page 72. 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 of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company.

SHARE REPURCHASES

The Company has the authority to purchase ordinary shares in the market to be held in treasury or for cancellation and to issue new shares or sell shares from treasury for cash. During the year the Company bought back 11,090,000 ordinary shares, which represented 13.9% of the Company's ordinary shares in issue at the start of the year (excluding treasury shares), at an average price of 116.29p and at an average discount to NAV of 8.3%. The latest authority to repurchase shares was granted to Directors on 18 February 2016 and 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 or sold out of treasury during the year. The Directors are seeking to renew the authority to issue or sell shares out of treasury at the forthcoming Annual General Meeting. Any issuance will be at or above NAV.

TREASURY SHARES

At the 2016 Annual General Meeting the Company was authorised to repurchase ordinary shares into treasury for reissue or cancellation at a future date. The ordinary shares repurchased in the market have been placed in treasury and the Company now holds 31,412,261 ordinary shares in treasury (31.3% of the Company's issued share capital).

GLOBAL GREENHOUSE GAS EMISSIONS FOR THE PERIOD 1 NOVEMBER 2015 TO 31 OCTOBER 2016

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

ARTICLES OF ASSOCIATION

Any amendments to the 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 or Form of Direction) 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.

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

Resolution 2 is an advisory vote on the Directors' Remuneration Report, excluding any content relating to the proposed future remuneration policy as set out in the future policy table on page 27. Resolution 3 is a resolution subject to a binding vote, as a result of the remuneration disclosure regulations published by the Department for Business, Innovation and Skills (BIS) which were effective from 1 October 2013. As required under the regulations, the Company is seeking approval in this resolution for its remuneration policy as set out in the future policy table on page 27 of the Directors' Remuneration Report.

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 8 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 £68,949 which is equivalent to 6,894,904 ordinary shares of 1 pence 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 the Annual General Meeting to be held in 2018, unless renewed prior to that date at an earlier general meeting.

Resolution 9 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 9 empowers the Directors to allot new shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £68,949 which is equivalent to 6,894,904 ordinary shares of 1 pence 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, this authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2018.

Resolution 10 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 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.

The Directors are seeking authority to purchase up to 10,335,461 shares (being 14.99% of the shares in issue, excluding treasury shares, at the date of this report or, if less, 14.99% of the ordinary shares in issue at 21 February 2017). This authority will expire at the conclusion of the next Annual General Meeting of the Company in 2018, unless renewed at an earlier general meeting.

RECOMMENDATION

Your Board considers that the resolutions to be proposed at the Annual General Meeting are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of each resolution, as they intend to do in respect of their own beneficial holdings.

LIVE STREAMING

The Annual General Meeting will be live streamed on the internet and can be viewed via a link on the Company's website, www.blackrock.co.uk/brna.

Further details are provided on page 63.

CORPORATE GOVERNANCE

Full details are given in the Corporate Governance Statement on pages 29 to 32. The Corporate Governance Statement forms part of this Directors' Report.

AUDIT INFORMATION

As required by section 418 of the Companies Act 2006, each of the Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and resolutions proposing their reappointment and authorising the Directors to determine their 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 15 December 2016.

BY ORDER OF THE BOARD

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
15 December 2016

Governance

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 31 October 2016 which has been prepared in accordance with sections 420-422 of the Companies Act 2006. The future remuneration policy which is subject to a triennial binding vote, is set out in the future policy table on page 27.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 37 to 40.

STATEMENT BY THE CHAIRMAN

The Board's policy on remuneration is set out in the future policy table on page 27. A key element is that fees payable to Directors should reflect the time spent by them on the Company's affairs, and should be sufficient to attract and retain individuals with suitable knowledge and experience.

The basis for determining the level of increase in Directors' remuneration is set out in the policy report below. With effect from 1 November 2016, the remuneration of the Chairman was increased from £30,000 to £36,000, the Chairman of the Audit and Management Engagement Committee from £25,000 to £30,000 and for the other Directors from £21,000 to £25,000. Prior to this increase, none of the Directors had received a fee increase since the launch of the Company in October 2012.

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.

POLICY REPORT

In setting 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 Directors' remuneration with other investment trusts of a similar size/and or mandate, as well as taking into account any data published by the Association of Investment Companies. 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 element of the Directors' remuneration is performance related. The Company has not awarded any share options or long term performance incentives to any of the Directors. None of the Directors has a service contract with the Company or receives any non cash benefits, pension entitlements or compensation for loss of office. 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.

The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting Directors' fees.

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 remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy.

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 27 will be put to members at the forthcoming Annual General Meeting. It is the intention of the Board that the above policy on remuneration will continue to apply for the next three financial years to 31 October 2019.

At the Company's previous Annual General Meeting held on 18 February 2016, 99.96% 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 October 2015 and 0.04% were against. At the Annual General Meeting held on 13 February 2014, 100% (including votes cast at the Chairman's discretion) were in favour of the resolution to approve the remuneration policy.

FUTURE POLICY TABLE

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 responsibilities borne by the Directors.
Description		Current levels of fixed annual fee: Chairman – £36,000 Audit and Management Engagement Committee Chairman – £30,000 Directors – £25,000 All reasonable expenses to be reimbursed.
Maximum and minimum levels		Remuneration consists of a fixed fee each year, set in accordance with the stated policies and any increase granted must be in line with the stated policies. The Company's Articles of Association set a limit of £300,000 in respect of the total remuneration that may be paid to Directors in any financial year. In addition, the Directors propose a limit of £20,000 per annum in relation to the maximum that may be paid in respect of taxable benefits. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.
Operation	Fixed fee element	The Board reviews the quantum of Directors' fees 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 pay, 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). Directors are not eligible to be compensated for loss of office, nor are they eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors do not have service contracts, but are appointed under letters of appointment.
	Discretionary Payments	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 extra work undertaken is 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. 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. Any discretionary fees paid will be disclosed in the Director's remuneration implementation report within the Annual Report.
	Taxable benefits	Taxable benefits comprise 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.

REMUNERATION IMPLEMENTATION REPORT

A single figure for the total remuneration of each Director is set out in the table below for the year ended 31 October 2016.

	Year ended 31 October 2016			Year ended 31 October 2015		
Directors	Fees £	Taxable benefits[1] £	Total £	Fees £	Taxable benefits[1] £	Total £
Simon Miller (Chairman)	30,000	4,495	34,495	30,000	1,093	31,093
Christopher Casey[2]	25,000	–	25,000	25,000	-	25,000
Andrew Irvine	21,000	3,176	24,176	21,000	3,391	24,391
Alice Ryder	21,000	–	21,000	21,000	-	21,000
Total	97,000	7,671	104,671	97,000	4,484	101,484

1 Taxable benefits relate to travel and subsistence costs.
2 Chairman of the Audit and Management Engagement Committee.

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 October 2016, fees of £8,000 (2015: £8,000) were outstanding to Directors in respect of their annual fees. No discretionary payments were made to any Director in the year to 31 October 2016 (2015: nil).

RELATIVE IMPORTANCE OF SPEND ON REMUNERATION

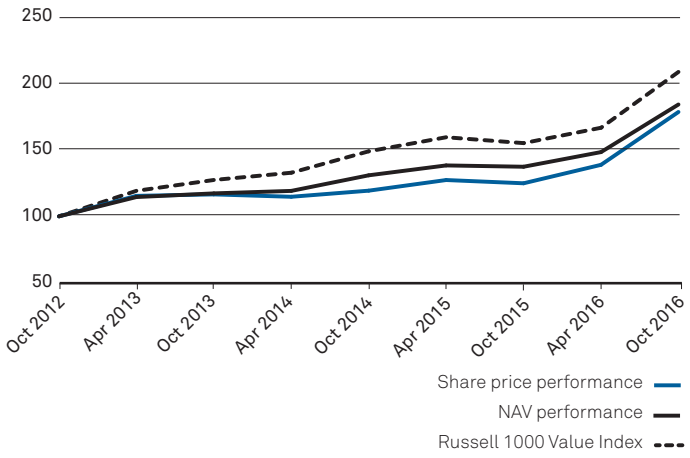
As the Company has no employees, the table on page 27 comprises the total remuneration costs and benefits paid by the Company. To enable shareholders to assess the relative importance of spend on pay, this has been shown in the table below compared with the Company's dividend distributions and share buy backs. As the Company has no employees, no consideration is required to be given to employment conditions elsewhere in setting Directors' pay.

	2016	2015	Change
	£	£	£
Directors' total remuneration	104,671	101,484	+3,187
Dividends paid and payable	3,291,000	3,443,000	-152,000
Buy back of ordinary shares	12,927,000	25,024,000	-12,097,000

PERFORMANCE

The graph below compares the Company's net asset value and share price total returns with the total return on an equivalent investment in the Russell 1000 Value Index (the benchmark). This index was chosen for comparison purposes as it is the best proxy whereby the success of the Investment Manager's decisions may be judged.

PERFORMANCE FROM LAUNCH TO 31 OCTOBER 2016



Sources: BlackRock and Datastream.
Performance figures have been calculated in sterling terms on a total return basis, rebased to 100 at 24 October 2012.

SHAREHOLDINGS

There is no requirement for Directors to hold shares in the Company although all Directors are currently shareholders.

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 October 2016	31 October 2015
	Ordinary shares	Ordinary shares
Simon Miller (Chairman)	38,094	38,094
Christopher Casey	19,047	19,047
Andrew Irvine	38,094	38,094
Alice Ryder	9,047	9,047

The information in the table above has been audited.

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

RETIREMENT OF DIRECTORS

Further details are given in the Directors' Report on page 23.

ON BEHALF OF THE BOARD

SIMON MILLER
Chairman
15 December 2016

Governance

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 September 2014. 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 2015, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

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.

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 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 parties, the Company has no employees and the Directors are non-executive. Thus, 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; and
- nomination of a senior independent director.

Information on how the Company has applied the principles of the AIC Code and UK Code is set out below.

THE BOARD

Board composition

The Board currently consists of four non-executive directors, all of whom are independent of the Company's Manager. The provision of the UK Code (A.2.1) 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 (A.4.1) 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 Directors' biographies, on page 20, demonstrate a breadth of investment knowledge, business and financial skills 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 20.

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.

Board independence and tenure

The Board's individual independence, including that of the Chairman, has been considered, and this independence allows all the Directors to sit on the Company's various Committees. 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.

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are set out in more detail in the Directors' Report on page 23. The Board has considered the position of each of the Directors as part of the evaluation process and believes it would be in the best interests of the Company for the Director retiring to be proposed for re-election at the forthcoming Annual General Meeting given her material level of contribution and commitment to the Company.

Governance

Corporate governance statement continued

The Directors support a planned and progressive renewing of the Board. The Board's tenure and succession policy seeks 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' training and induction

When a new Director is appointed to the Board, he or she is provided with all 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 workings 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 auditors and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect them or the Company.

Directors' liability insurance

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

BOARD'S RESPONSIBILITIES

The Board is responsible to shareholders for the effective stewardship of the Company's affairs and a formal schedule of matters reserved for the decision of the Board has been adopted. Investment policy and strategy are determined by the Board. It is also responsible for the gearing policy, dividend policy, public documents such as the annual report and financial statements, buy back policy and corporate governance matters. In order to enable them to discharge their responsibilities, the Board has full and timely access to relevant information.

The Board currently 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.

The Board has direct access to company secretarial advice and 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 Board has established a procedure whereby Directors wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense. The appointment and removal of the Company Secretary is a matter for the whole Board.

PERFORMANCE EVALUATION

In order to review the effectiveness of the Board, its Committees and individual Directors, the Board carries out an annual appraisal process. The evaluation for the year ended 31 October 2016 has been carried out and took the form of self and peer group assessments followed by individual discussions between the Chairman and Directors. The performance of the Chairman was reviewed by the other Directors, led by Mr Casey. The appraisal process is considered to be constructive in terms of identifying areas for improving the functioning and 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.

DELEGATION OF RESPONSIBILITIES

The Board has delegated the following areas of responsibility:

Management and administration

The management of the investment portfolio and the administration of the Company have been contractually delegated to BFM, as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BIM (UK) (the Investment Manager). The contractual arrangements with the Manager are summarised on pages 21 and 22. 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 review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at every Board meeting. In addition, a formal review is undertaken annually, details of which are set out on page 22 of the Directors' Report.

The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is Bank of New York Mellon Trustee & Depositary (UK) Limited. The address at which this business is conducted is given on page 66.

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 page 23.

Committees of the Board

Nomination Committee

The Nomination Committee, which comprises all of the Directors, is chaired by the Chairman of the Board. The role of the Committee is to review Board structure, size and composition, the balance of knowledge, experience and skills range 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 currently consists of all the Directors of the Company. Further details are given in the Report of the Audit and Management Engagement Committee on pages 33 to 35.

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 on pages 26 to 28. As stated in the Directors' Remuneration Report, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

INTERNAL CONTROLS

The Board is responsible for 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 reviews the effectiveness of the internal control systems to identify, evaluate and manage the Company's significant risks. As part of that process, there are procedures designed to capture and evaluate any failings or weaknesses and should a case be categorised by the Board as significant, procedures exist to 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 corporate audit department. This accords with the Financial Reporting Council's 'Internal Control: Revised Guidance for Directors on the UK Corporate Governance Code'.

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 Audit and Management Engagement Committee (the Committee) formally review this register on a semi-annual basis and BFM as the Company's AIFM reports on any significant issues that have been identified in the period. In addition, BlackRock's internal audit department report to the Committee on a semi-annual basis 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 acountant 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 the Bank of New York Mellon 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 the Depositary. The Investment 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. 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 Financial Statements is set out on page 36, the Independent Auditors' Report on pages 37 to 40 and the statement of Going Concern on page 23.

SOCIALLY RESPONSIBLE INVESTMENT

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 predominantly in securities quoted in the U.S. 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 take into account environmental policies and other business issues. The Company invests primarily on financial grounds to meet its stated objectives.

The Manager is supportive of the UK Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies, and is voluntary and operates on a 'comply or explain basis'. The Manager's approach to the UK Stewardship Code and policies on Socially Responsible Investment are detailed on the website at blackrock.com/corporate/en-gb/about-us/responsible-investment/responsible-investment-reports.

Corporate governance statement continued

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 BlackRock 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.

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 and any item not of an entirely routine nature is explained in the Directors' Report on page 25. Separate resolutions are proposed for substantive issues.

In addition, regular updates are available to shareholders 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 BlackRock website shortly after the meeting.

The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programme 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 is available to meet directly with shareholders periodically without the Investment Manager being present. If any shareholder wishes to contact the Chairman directly they should contact the Secretary whose details are given on page 66.

There is a section within this report entitled 'Additional Information – Shareholder Information', on pages 62 to 64, 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 BlackRock website at blackrock.co.uk/brna. The work undertaken by the auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements 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 financial statements may differ from legislation in their jurisdiction.

DISCLOSURE AND TRANSPARENCY RULES

Other information required to be disclosed pursuant to the Disclosure and Transparency Rules has been placed in the Directors' Report on pages 21 to 25 because it is information which refers to events that have taken place during the course of the year.

FOR AND ON BEHALF OF THE BOARD

SIMON MILLER
Chairman
15 December 2016

Governance

Report of the Audit and Management Engagement Committee

As Chairman of the Audit and Management Engagement Committee (the Committee) I am pleased to present the Committee's report to shareholders for the year ended 31 October 2016.

COMPOSITION

All the Directors are members of the Committee. The Directors' biographies are given on page 20 of the Annual Report, 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. 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.

PERFORMANCE EVALUATION

Details of the evaluation of the Audit and Management Engagement Committee are set out in the Corporate Governance Statement on page 30.

ROLE AND RESPONSIBILITIES

The Committee meets three times a year. Two of the planned meetings are held prior to the Board meetings to approve the half yearly and annual results and the Committee receives information from the Manager's corporate audit and compliance departments.

The Committee operates within written terms of reference detailing its scope and duties and these are available on the Company's website at blackrock.co.uk/brna. The Committee's principal duties, as set out in the terms of reference, are set out below. In accordance with these duties, the principal activities of the Committee during the year included:

Internal controls, financial reporting and risk management system

- ensuring 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 half yearly 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

- 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 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.

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.

The fees paid to the external auditor are set out in note 5 on page 48. An explanation of how auditor objectivity and independence is safeguarded is reported under 'Assessment of the effectiveness of the external audit process' on pages 34 and 35.

The Committee has also reviewed and accepted the 'whistleblowing' policy that has been put in place by the Manager 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.

SIGNIFICANT ISSUES CONSIDERED REGARDING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Committee reviews the effectiveness of the Company's system of internal controls on an ongoing basis to identify, evaluate and manage the Company's significant risks. During the year, as part of this process, 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 below 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 Manager, who sub-delegates certain administrative functions to the Bank of New York Mellon (International) Limited, and the provision of depositary services is provided by BNYMTD, the Committee has also reviewed the internal control reports prepared by BlackRock, the custodian and fund accountants to ensure that the relevant control procedures are in place to cover these areas of risk as identified below and are adequate and appropriate and have been confirmed as operating effectively by their respective reporting auditors.

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 on a regular basis throughout the year and receives confirmation from the Manager that the pricing basis is appropriate and in line with relevant accounting standards as adopted by the Company and that the carrying values are materially correct.
The risk of misappropriation of assets and unsecured ownership of investments	The Depositary is responsible for financial restitution for loss of financial investments held in custody. The Depositary reports to the Committee on a twice yearly basis. The Committee reviews reports of the 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 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 figures.

AUDITORS AND AUDIT TENURE

The Committee appointed the Company's current auditors, PricewaterhouseCoopers LLP, on 1 October 2014 following the result of a tender process. The Committee is mindful of the EU regulations on mandatory auditor rotation which require the appointment of a new auditor or an audit tender every ten years. The Company will be required to put its audit contract out to tender again by no later than 2024. Ms Sally Cosgrove has been the Company's audit partner since 1 October 2014.

The Committee will continue to review the auditors' appointment each year to ensure that the Company is receiving an optimal level of service. There are no contractual obligations that restrict the Company's choice of auditors. No other services were provided to the Company by the auditors (2015: nil).

NON-AUDIT SERVICES

The Company's policy on non-audit services is set out in full in the Audit and Management Engagement Committee's terms of reference which are available on the Company's website at blackrock.co.uk/brna. In the years to 31 October 2016 and 2015, the auditors did not provide any non-audit services to the Company.

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 auditors with the Committee;
- how the auditors support 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 the effectiveness of the Manager in performing its role is also sought from relevant involved parties, notably the audit partner and team. The external auditors are 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 Board 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 independent audit and the booking of any audit adjustments arising, and the timely provision of draft public documents for review by the auditors and the Committee.

To form a conclusion with regard to the independence of the external auditors, the Committee considers whether the skills and experience of the auditors make them a suitable supplier of 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 such services. On an annual basis, PricewaterhouseCoopers LLP 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 auditors, 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 auditors of their independence and objectivity. As a result of their review, the Committee has concluded that PricewaterhouseCoopers LLP 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 other third party service providers responsible for accounting services and the Committee;
- the controls that are in place at the Manager and 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 BlackRock, the Depositary, custodian and fund accountants.

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 on page 36.

CHRISTOPHER CASEY
Chairman
Audit and Management Engagement Committee
15 December 2016

Governance

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 United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements under IFRS as adopted by the European Union.

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 IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors 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 the financial statements have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; 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, 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 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, whose names are listed on page 20, confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and net return 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 2014 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 fulfil 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 33 to 35. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 31 October 2016, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

FOR AND ON BEHALF OF THE BOARD
SIMON MILLER
Chairman
15 December 2016

Financial statements

Independent auditors' report to the members of BlackRock North American Income Trust plc

OUR OPINION ON THE FINANCIAL STATEMENTS

In our opinion, BlackRock North American Income Trust plc's financial statements (the financial statements):

- give a true and fair view of the state of the Company's affairs as at 31 October 2016 and of its net profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report and Financial Statements (Annual Report), comprise:

- the Statement of Financial Position as at 31 October 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

OUR AUDIT APPROACH

Overview

Materiality	▸ Overall materiality: £1,095,000 which represents 1% of net assets.
Audit scope	▸ The Company is a standalone Investment Trust Company and engages BlackRock Fund Managers Limited (the Manager) to manage its assets. ▸ We conducted our audit of the financial statements using information from Bank of New York Mellon (the Administrator) to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions. ▸ We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
Areas of focus	▸ Valuation and existence of investments. ▸ Income.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)).

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table on the following page. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Financial statements

Independent auditors' report to the members of BlackRock North American Income Trust plc continued

Area of focus	How our audit addressed the area of focus
Valuation and existence of investments *Refer to page 33 (Report of the Audit and Management Engagement Committee), page 45 (Accounting Policies) and pages 45 to 61 (Notes to the Financial Statements).* The investment portfolio at the year end comprised listed equity investments valued at £106 million and a liability of £311,000 in relation to open option positions. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.	We tested the valuation of the listed equity investments and open option positions by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. We tested the existence of the portfolio by agreeing the holdings to independent confirmations from the Company's custodian and brokers, as appropriate. No differences were identified by our testing which required reporting to those charged with governance.
Income *Refer to page 33 (Audit and Management Engagement Committee Report), page 45 (Accounting Policies) and page 45 (notes).* We focused on the accuracy and completeness of dividend and option premium income recognition and their presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the AIC SORP). This is because incomplete or inaccurate income could have a material impact on the company's net asset value and dividend cover.	We assessed the accounting policy for dividend income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. In addition, we tested dividend receipts by agreeing the dividend rates from investments to independent third party sources. No misstatements were identified which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared by investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the validity of revenue and capital special dividends to independent third party sources. We did not find any special dividends that were treated incorrectly in accordance with the AIC SORP. To test for completeness of option premium income we tested the appropriate premiums had been recorded in the year for a sample of options held during the period. Our testing did not identify any unrecorded option premiums. We tested option premium income by agreeing a sample of receipts to broker margin cash account statements. No misstatements were identified which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the types of investments within the Company, the involvement of the Manager and Administrator, the accounting processes and controls, and the industry in which the Company operates.

The Company's accounting is delegated to the Administrator who maintain the Company's accounting records and controls and report to the Manager and the Directors.

As part of our risk assessment, we assessed the control environment in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment involved obtaining and reading the relevant control reports, issued by the independent auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work, to gain an understanding of both the Manager's and Administrator's control environment and to consider the operating and accounting structure at both the Manager and the Administrator. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1,095,000 (2015: £980,000).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We agreed with the Audit and Management Committee (the Committee) that we would report to them misstatements identified during our audit above £55,000 (2015: £49,000), if any, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 23, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are also required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' Statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

Consistency of other information

Companies Act 2006 opinion

In our opinion, 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.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
▸ information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
▸ the statement given by the Directors on page 36, in accordance with provision C.1.1 of the UK Corporate Governance Code (the Code), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report.
▸ the section of the Annual Report on pages 33 to 35, as required by provision C.3.8 of the Code, describing the work of the Committee does not appropriately address matters communicated by us to the Committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:	
▸ the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
▸ the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
▸ the Directors' explanation in the Annual Report as to how they have assessed the prospects of the Company, 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 Company 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.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the Directors' statement in relation to the longer term viability of the Company, set out on pages 8 and 9. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of BlackRock North American Income Trust plc continued

DIRECTORS' REMUNERATION

Directors' Remuneration Report – Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

CORPORATE GOVERNANCE STATEMENT

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 36, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Sally Cosgrove (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 December 2016

Financial statements

Statement of comprehensive income for the year ended 31 October 2016

	Notes	Revenue 2016	Revenue 2015	Capital 2016	Capital 2015	Total 2016	Total 2015
		£'000	£'000	£'000	£'000	£'000	£'000
Income from investments held at fair value through profit or loss	3	2,772	2,814	–	–	2,772	2,814
Other income	3	2,144	2,425	–	–	2,144	2,425
		4,916	5,239	–	–	4,916	5,239
Profits on investments held at fair value through profit or loss	9	–	–	24,078	2,572	24,078	2,572
Profit/(loss) on foreign exchange		–	–	378	(175)	378	(175)
Total revenue		4,916	5,239	24,456	2,397	29,372	7,636
Expenses							
Investment management fees	4	(187)	(244)	(560)	(733)	(747)	(977)
Other operating expenses	5	(267)	(329)	(37)	(25)	(304)	(354)
Total operating expenses		(454)	(573)	(597)	(758)	(1,051)	(1,331)
Net profit on ordinary activities before finance costs and taxation		4,462	4,666	23,859	1,639	28,321	6,305
Finance costs		–	–	–	(1)	–	(1)
Net profit on ordinary activities before taxation		4,462	4,666	23,859	1,638	28,321	6,304
Taxation	6	(732)	(783)	112	150	(620)	(633)
Net profit on ordinary activities after taxation		3,730	3,883	23,971	1,788	27,701	5,671
Earnings per ordinary share	8	5.17p	4.54p	33.20p	2.10p	38.37p	6.64p

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). 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 shareholders of the Company. There are no minority interests. The Company does not have any other comprehensive income. The net profit for the year disclosed above represents the Company's total comprehensive income.

The notes on pages 45 to 61 form part of these financial statements.

Financial statements

Statement of changes in equity for the year ended 31 October 2016

	Notes	Called up share capital	Share premium account	Capital redemption reserve	Special reserve	Capital reserves	Revenue reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
For the year ended 31 October 2016								
At 31 October 2015		1,004	36,774	1,460	37,956	19,190	1,662	98,046
Total Comprehensive Income:								
Net profit for the year		–	–	–	–	23,971	3,730	27,701
Transactions with owners, recorded directly to equity:								
Share purchase costs	13	–	–	–	60	–	–	60
Ordinary shares purchased into treasury	12	–	–	–	(12,987)	–	–	(12,987)
Dividend paid	7	–	–	–	–	–	(3,341)	(3,341)
At 31 October 2016		1,004	36,774	1,460	25,029	43,161	2,051	109,479
For the year ended 31 October 2015								
At 31 October 2014		1,004	36,774	1,460	63,213	17,402	1,346	121,199
Total Comprehensive Income:								
Net profit for the year		–	–	–	–	1,788	3,883	5,671
Transactions with owners, recorded directly to equity:								
Ordinary shares purchased into treasury pursuant to a tender offer	12	–	–	–	(24,737)	–	–	(24,737)
Share issue and purchase costs	12	–	–	–	(233)	–	–	(233)
Ordinary shares purchased into treasury	12	–	–	–	(287)	–	–	(287)
Dividend paid	7	–	–	–	–	–	(3,567)	(3,567)
At 31 October 2015		1,004	36,774	1,460	37,956	19,190	1,662	98,046

The notes on pages 45 to 61 form part of these financial statements.

Financial statements

Statement of financial position as at 31 October 2016

	Notes	31 October 2016	31 October 2015
		£'000	£'000
Non current assets			
Investments designated as held at fair value through profit or loss	9	105,726	95,936
Current assets			
Other receivables	10	154	2,755
Cash held on margin deposit with brokers		125	–
Cash and cash equivalents		4,686	2,003
		4,965	4,758
Total assets		110,691	100,694
Current liabilities			
Derivative financial liabilities held at fair value through profit or loss	9	(311)	(618)
Other payables	11	(901)	(2,030)
		(1,212)	(2,648)
Net assets		109,479	98,046
Equity attributable to equity holders			
Called up share capital	12	1,004	1,004
Share premium	13	36,774	36,774
Capital redemption reserve	13	1,460	1,460
Special reserve	13	25,029	37,956
Capital reserves	13	43,161	19,190
Revenue reserve	13	2,051	1,662
Total equity		109,479	98,046
Net asset value per share	8	158.78p	122.50p

The financial statements on pages 41 to 61 were approved and authorised for issue by the Board of Directors on 15 December 2016 and signed on its behalf by Simon Miller, Chairman.

BlackRock North American Income Trust plc

Registered in England, No. 8196493

The notes on pages 45 to 61 form part of these financial statements.

Financial statements

Cash flow statement for the year ended 31 October 2016

	31 October 2016	31 October 2015
	£'000	£'000
Operating activities		
Profit before taxation*	28,321	6,304
Add back interest paid	–	1
Less: gains on investments held at fair value through profit or loss	(24,078)	(2,572)
Net movement on foreign exchange	(378)	175
Sales of investments held at fair value through profit or loss	78,286	101,048
Purchases of investments held at fair value through profit or loss	(64,305)	(72,575)
Increase in other receivables	(4)	(16)
Decrease in other payables	(21)	(3)
Decrease/(increase) in amounts due from brokers	2,619	(2,523)
Net movement in cash held on margin deposit with brokers	(125)	–
(Decrease)/increase in amounts due to brokers	(1,017)	1,090
Net cash inflow from operating activities before interest and taxation	19,298	30,929
Interest paid	–	(1)
Taxation on investment income included within gross income	(689)	(626)
Net cash inflow from operating activities	18,609	30,302
Financing activities		
Dividends paid	(3,341)	(3,567)
Shares purchased into treasury pursuant to tender offer	–	(24,737)
Shares purchased into treasury	(12,987)	(287)
Share issue and share purchase costs paid	(36)	(456)
Share issue costs rebated	60	–
Net cash outflow from financing activities	(16,304)	(29,047)
Increase in cash and cash equivalents	2,305	1,255
Cash and cash equivalents at start of year	2,003	923
Effect of foreign exchange rate changes	378	(175)
Cash and cash equivalents at end of year	4,686	2,003
Comprised of:		
Cash at bank	4,686	2,003
	4,686	2,003

* Includes dividends and interest received during the year of £2,786,000 and £1,000 (2015: £2,795,000 and £2,000).

The notes on pages 45 to 61 form part of these financial statements.

Financial statements

Notes to the financial statements

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 under the historical cost convention modified by revaluation of financial assets and financial liabilities held at fair value through profit or loss and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretations Committee interpretations and as applied in accordance with the provisions of the Companies Act 2006. All of the Company's operations are of a continuing nature. The Company's financial statements are presented in sterling because that is the currency of the Company's share capital, the currency of the country in which the majority of shareholders reside and the currency in which the shareholders' dividend distributions will be made. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts issued by the AIC, revised in November 2014, is compatible with IFRS, the financial statements have been prepared in accordance with the guidance set out in the SORP.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these financial statements (major changes and new standards issued detailed below). None of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Company.

IFRS 9 Financial Instruments (2014) replaces IAS 39 and deals with a package of improvements including principally a revised model for classification and measurement of financial instruments, a forward looking expected loss impairment model and a revised framework for hedge accounting. In terms of classification and measurement, the revised standard is principles based depending on the business model and nature of cash flows. Under this approach, instruments are measured at either amortised cost or fair value. Under IFRS 9, equity and derivative investments will be held at fair value because they fail the 'solely payments of principal and interest' test and debt investments will be held at fair value because the business model is to manage them on a fair value basis. The scope of the fair value option is reduced within IFRS 9. The standard is effective from 1 January 2018 with earlier application permitted but has not yet been endorsed by the European Commission. The Company does not plan to early adopt this standard.

Amendments to IAS 1 (effective 1 January 2016) require changes to the presentation of financial instruments. The amendments are not expected to have a significant effect on the measurement of amounts recognised in the financial statements of the Company.

Amendments to IAS 7 - Disclosure Initiative Statement of Cash Flows (effective 1 January 2017). The amendments are not expected to have a significant effect on the presentation of the Statement of Cash Flows within the financial statements of the Company.

Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses (effective 1 January 2017). The amendment is not expected to have a significant effect on the measurement of amounts recognised in the financial statements of the Company.

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017) specifies how and when an entity should recognise revenue and enhances the nature of revenue disclosures. Given the nature of the Company's revenue streams from financial instruments, the provisions of this standard are not expected to be applicable.

2. ACCOUNTING POLICIES continued

(b) Presentation of the Statement of Comprehensive Income

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 Statement of Comprehensive Income between items of a revenue and a capital nature has been presented alongside the Statement of Comprehensive Income. In accordance with the Company's Articles, and as at the date of publication of this report, net capital returns may not be distributed by way of dividend.

(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 recognised as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the period end are treated as revenue for the period. Provision is made for any dividends not expected to be received. Special dividends, if any, are treated as a capital or a revenue receipt depending on the facts or circumstances of each particular case. The return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security. Interest income and expenses are accounted for on an accruals basis.

Options may be purchased or written over securities held in the portfolio for generating or protecting capital returns, or for generating or maintaining revenue returns. Where the purpose of the option is the generation of income, the premium is treated as a revenue item. Where the purpose of the option is the maintenance of capital, the premium is treated as a capital item.

Option premium income is recognised as revenue evenly over the life of the option contract and included in the revenue column of the Statement of Comprehensive Income unless the option has been written for the maintenance and enhancement of the Company's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premia arising are allocated to the capital column of the Statement of Comprehensive Income.

(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 Statement of Comprehensive Income, except as follows:

- expenses which are incidental to the acquisition of an investment are charged to capital. Details of transaction costs on the purchases and sales of investments are disclosed within note 9 on pages 50 and 51;
- 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 fees and finance costs of borrowing borne by the Company have been allocated 75% to the capital column and 25% to the revenue column of the Statement of Comprehensive Income in line with the Board's expectations of the long term split of returns, in the form of capital gains and income, respectively, from the investment portfolio.

(f) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Tax payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense 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 have been enacted or substantively enacted by the balance sheet date.

Where expenses are allocated between capital and revenue, any tax relief in respect of expenses is allocated between capital and revenue returns 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 temporary differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the financial reporting date. This is subject to deferred tax 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 temporary differences can be deducted. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

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

All investments are initially recognised and subsequently measured 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 IAS 39 – 'Financial Instruments: Recognition and Measurement' and are managed and evaluated on a fair value basis in accordance with its investment strategy.

Purchases of investments are recognised on a trade date basis. Sales of investments are recognised at the trade date of the disposal. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs.

The fair value of the financial investments is based on their quoted bid price, or as otherwise stated at the financial reporting date, without deduction for the estimated selling costs. This policy applies to all current and non current asset investments held by the Company.

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

(h) Other receivables and other payables

Other receivables and other payables do not carry any interest and are short term in nature and are accordingly stated at their nominal value.

(i) Dividends payable

Interim dividends are recognised when paid to shareholders. Final dividends, if any, are only recognised after they have been approved by shareholders.

(j) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction.

Foreign currency monetary assets and liabilities are translated into sterling at the rate ruling on the financial reporting date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income as a revenue or capital item depending on the income or expense to which they relate.

(k) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits. Cash equivalents are 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) Bank borrowings

Bank overdrafts are recorded as the proceeds received. Finance charges are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instruments to the extent that they are not settled in the period in which they arise.

(m) Derivatives

Derivatives are held at fair value based on the bid/offer prices of the options written to which the Company is exposed. The value of the option is subsequently marked to market to reflect the fair value of the option based on traded prices. Where the premium is taken to revenue, an appropriate amount is shown as capital return such that the total return reflects the overall change in the fair value of the option. When an option is closed out or exercised the gain or loss is accounted for as a capital gain or loss.

3. INCOME

	2016 £'000	2015 £'000
Investment income:		
UK listed dividends	74	26
Overseas listed dividends	2,698	2,788
	2,772	2,814
Other income:		
Deposit interest	1	2
Option premium income	2,143	2,423
	2,144	2,425
Total	4,916	5,239

During the period, the Company received premiums totalling £2,149,000 (2015: £2,348,000) for writing covered call options for the purposes of revenue generation. Option premiums of £2,143,000 (2015: £2,423,000) were amortised to income. All derivative transactions were based on constituent stocks in the Russell 1000 Value Index. At 31 October 2016, there were 186 (2015: 151) open positions with an associated liability of £311,000 (2015: £618,000).

4. INVESTMENT MANAGEMENT FEES

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	187	560	747	244	733	977
Total	187	560	747	244	733	977

With effect from 1 November 2015, the investment management fee is payable in quarterly arrears, calculated at the rate of 0.75% of the Company's net assets (2015: 1.0% of the Company's market capitalisation).

5. OTHER OPERATING EXPENSES

	2016 £'000	2015 £'000
Allocated to revenue:		
Custody fee	3	4
Auditors' remuneration:		
– audit services	28	27
Registrar's fee	27	26
Marketing fees	35	92
Marketing fees written back	(59)	(64)
Directors' emoluments	105	101
Other administration costs	128	143
	267	329
Allocated to capital:		
Transaction charges	37	25
	304	354

The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, excluding interest costs were 1.04% (2015: 1.24%).

6. TAXATION

(a) Analysis of charge in year

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax:						
Corporation tax	342	(112)	230	382	(150)	232
Double taxation relief	(3)	–	(3)	–	–	–
Overseas tax	393	–	393	401	–	401
Total current tax (note 6 (b))	732	(112)	620	783	(150)	633

(b) Factors affecting total tax 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 20% (2015: 20%).

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit on ordinary activities before taxation	4,462	23,859	28,321	4,666	1,638	6,304
Profit on ordinary activities multiplied by standard rate of corporation tax 20.00% (2015: 20.42%)	892	4,772	5,664	952	334	1,286
Effects of:						
Non taxable UK dividend income	(15)	–	(15)	(5)	–	(5)
Non taxable overseas dividend income	(535)	–	(535)	(565)	–	(565)
Overseas tax suffered	393	–	393	401	–	401
Gains on investments held at fair value through profit or loss	–	(4,816)	(4,816)	–	(525)	(525)
Foreign exchange (gain)/loss	–	(75)	(75)	–	36	36
Double taxation relief	(3)	–	(3)	–	–	–
Expenses not allowable for tax purposes	–	7	7	–	5	5
	(160)	(4,884)	(5,044)	(169)	(484)	(653)
Current taxation charge for the year (note 6 (a))	732	(112)	620	783	(150)	633

The Company's profits for this accounting period are taxed at an effective rate of 20.0% (2015: 20.42%).

The Company is exempt from corporation tax on capital gains provided it maintains its status as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. Due to the Company's intention to meet the conditions required to maintain its investment trust status, it has not provided for deferred tax on any capital gains or losses.

7. DIVIDENDS

The Directors have declared a fourth interim dividend of 1.20p per share. The dividend will be paid on 5 January 2017, to shareholders on the Company's register on 25 November 2016. The fourth interim dividend has not been recognised as a liability in the financial statements, as interim dividends are not recognised in the financial statements until they are paid. They are also debited directly to revenue reserves.

The interim dividend payable in respect of the year ended 31 October 2016 meets the requirements of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006.

7. DIVIDENDS continued

Dividends on equity shares:

	2016 £'000	2015 £'000
4th interim dividend of 1.10p per share paid for the year ended 31 October 2015 (2014: 1.00p)	877	1,004
1st interim dividend of 1.10p per share paid for the year ended 31 October 2016 (2015: 1.00p)	802	803
2nd interim dividend of 1.20p per share paid for the year ended 31 October 2016 (2015: 1.10p)	835	880
3rd interim dividend of 1.20p per share paid for the year ended 31 October 2016 (2015: 1.10p)	827	880
Accounted for in the financial statements	3,341	3,567
4th interim dividend of 1.20p per share payable on 5 January 2017 for the year ended 31 October 2016 (2015: 1.10p)	827	880
	4,168	4,447

8. EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

	2016	2015
Net revenue profit attributable to ordinary shareholders (£'000)	3,730	3,883
Net capital profit attributable to ordinary shareholders (£'000)	23,971	1,788
Total profit attributable to ordinary shareholders (£'000)	27,701	5,671
Total equity attributable to shareholders (£'000)	109,479	98,046
The weighted average number of ordinary shares in issue during the year, on which the earnings per ordinary share was calculated was:	72,193,444	85,447,775
The actual number of ordinary shares in issue at the year end, on which the net asset value per ordinary share was calculated was:	68,949,044	80,039,044
Revenue earnings per share	5.17p	4.54p
Capital earnings per share	33.20p	2.10p
Total earnings per share	38.37p	6.64p
Net asset value per share – basic and diluted	158.78p	122.50p
Share price – ex-dividend	155.75p	113.00p

Basic and diluted earnings per share and net asset value per share are the same as the Company does not have any dilutive securities outstanding.

9. INVESTMENTS

	2016 £'000	2015 £'000
UK listed investments held at fair value through profit or loss	3,104	1,231
Overseas listed investments held at fair value through profit or loss	102,622	94,705
Total value of financial asset investments	105,726	95,936
Derivative financial instruments – written option contracts	(311)	(618)
Valuation of investments and derivatives at 31 October	105,415	95,318
Valuation brought forward	95,318	121,219
Investment and derivative holding gains	(4,350)	(12,327)
Opening cost of investments and derivatives	90,968	108,892
Acquisitions at cost	64,305	72,575
Disposal proceeds	(78,286)	(101,048)
Realised gains on sales	8,768	10,549
Cost of investments and derivatives carried forward	85,755	90,968
Investment and derivative holding gains	19,660	4,350
Closing valuation of investments and derivatives	105,415	95,318

During the year, transaction costs of £63,000 (2015: £22,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £35,000 (2015: £25,000). All transaction costs have been included within the capital reserves.

Gains and losses on investments held at fair value through profit or loss

	2016 £'000	2015 £'000
Realised gains on sales	8,768	10,549
Changes in investment and derivative holding gains	15,310	(7,977)
	24,078	2,572

10. OTHER RECEIVABLES

	2016 £'000	2015 £'000
Sales for future settlement	3	2,622
Prepayments and accrued income	101	97
Withholding tax recoverable	50	36
	154	2,755

11. OTHER PAYABLES

	2016 £'000	2015 £'000
Purchases for future settlement	74	1,091
Accruals for expenses and interest payable	731	752
Issue costs payable	28	64
Taxation payable	68	123
	901	2,030

12. CALLED UP SHARE CAPITAL

	Number of ordinary shares in issue	Treasury shares	Total shares	Nominal value £'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 1 pence each				
Allotted, issued and fully paid:				
At 31 October 2015	80,039,044	20,322,261	100,361,305	1,004
Purchase of ordinary shares	(11,090,000)	11,090,000	–	–
At 31 October 2016	68,949,044	31,412,261	100,361,305	1,004

During the year ended 31 October 2016, the Company purchased 11,090,000 (2015: 20,322,261) shares for a total consideration of £12,927,000 (2015: £25,257,000) including costs. No shares have been purchased since the year end and up to and including the date of this report.

13. SHARE PREMIUM AND RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments £'000	Revenue reserve £'000
At 31 October 2015	36,774	1,460	37,956	14,843	4,347	1,662
Movement during the year:						
Purchase of ordinary shares to be held in treasury	–	–	(12,987)	–	–	–
Share purchase rebate	–	–	60	–	–	–
Total Comprehensive Income:						
Gains on realisation of investments	–	–	–	8,768	–	–
Changes in investment holding gains	–	–	–	–	15,310	–
Profits on foreign currency transactions	–	–	–	157	221	–
Finance costs, investment management fee and transaction fees charged to capital after taxation	–	–	–	(485)	–	–
Revenue return for the year	–	–	–	–	–	3,730
Dividends paid	–	–	–	–	–	(3,341)
At 31 October 2016	36,774	1,460	25,029	23,283	19,878	2,051

The share premium account and capital redemption reserve are not distributable profits under the Companies Act 2006. The special reserve may be used as distributable profits for all purposes and, in particular, for the repurchase by the Company of its ordinary shares and for payment as dividends.

14. 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.co.uk/brna for a more detailed discussion of the risks inherent in investing in the Company.

Risk management framework

The Directors of the Alternative Investment Fund Manager (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 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.co.uk/brna. The AIFM reserves to itself the investment performance, product risk monitoring and oversight and the responsibility for the monitoring and oversight of regulatory and operational risk for the 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. RQA 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 across the Company. 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 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 financial instruments in the face of market movements.

Value at Risk (VaR) is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 day and a historical observation period of not less than 1 year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% 1 day VaR means that the expectation is that 99% of the time over a 1 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 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 of 31 October 2016 and 31 October 2015 (based on a 99% confidence level) was 1.87% and 2.56%, respectively.

(i) 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.

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.

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 minimised which is in line with the investment objectives of the Company.

(ii) 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 October 2016 and 31 October 2015 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.

	2016 US Dollar £'000	2016 Other £'000	2015 US Dollar £'000	2015 Other £'000
Cash and cash equivalents	4,646	–	192	–
Receivables (due from brokers and dividends)	114	–	2,694	36
Payables	(74)	–	(1,091)	–
Total foreign currency exposure on net monetary items	4,686	–	1,795	36
Investments at fair value through profit or loss	102,579	1,014	90,002	4,085
Total net foreign currency exposure	107,265	1,014	91,797	4,121

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.

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

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.

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.

(iii) 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 its borrowing facility for investment purposes. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

Interest rate exposure

The exposure at 31 October 2016 and 31 October 2015 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.

	2016 Within one year £'000	2015 Within one year £'000
Exposure to floating interest rates:		
Cash and cash equivalents	4,686	2,003
Cash held on margin deposit with brokers	125	–

The Company does not have any fixed rate exposure at 31 October 2016 or 31 October 2015. Interest rates received on cash balances or paid on bank overdrafts in sterling, respectively, is approximately 0.00% and 1.19% per annum (2015: 0.15% and 1.48% per annum).

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 overdraft facility.

The Company finances part of its activities through borrowings at levels approved and monitored by the Board of the Company. The Company, generally, does not hold significant cash balances, with short term borrowings being used when required. Derivative contracts are not used to hedge against the exposure to interest rate risk.

(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.

The Company is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. Counterparty credit risk to the Company arises from transactions to purchase or sell investments and through option writing transactions on equity investments held within the portfolio.

Credit risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk team. 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 BlackRock RQA Counterparty and Concentration Risk team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures and the collateral management process.

There were no past or impaired assets as of 31 October 2016 (31 October 2015: nil).

Depositary

The Company's Depositary is BNY Mellon Trust & Depositary (UK) Limited (the 'Depositary') (Moody's long term credit rating as at 31 October 2016: Aa2). All of the equity assets and cash of the Company are held within the custodial network of 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 October 2016 is the total value of equity investments held with the Depositary and cash and cash equivalents in the Statement of Financial Position.

In accordance with the requirements of the depositary agreement, the Depositary will 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 a broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the broker used. The Company monitors the credit rating and financial position of the broker used to further mitigate this risk.

The Company may also be exposed to counterparty risk should there be any rehypothecation of pledged collateral. Collateral is received/paid where the client service agreement states that there should be collateral movements agreed with the counterparty, where there is a requirement for a mark-to-market process or collateralisation to ensure that the Company is protected against any counterparty default.

Over-the-counter (OTC) financial derivative instruments

The Company may write both exchange traded and over-the-counter option contracts as part of its investment policy. Options written by the Company provide the purchaser with the opportunity to purchase from or sell to the Group the underlying asset at an agreed-upon value either on or before the expiration of the option. Options are generally settled on a net basis.

During the year ended 31 October 2016 and 2015, the Group wrote covered call and put option contracts to generate revenue income for the Company. As the call and put options are covered by dedicated cash resources and no call and put option contracts were written to manage price risk, there is no impact on the Group's exposure to gearing or leverage as a result of writing covered call and put options. The notional amount of put/call options written that were open at 31 October 2016 was £18,911,000 (2015: £14,745,000).

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Management of OTC financial derivative instruments

Economic exposure through option writing is restricted such that no more than 20% of the Company's portfolio shall be under option at any given time. Exposures are monitored daily by the Investment Manager and its independent risk management team. The Company's Board also reviews the exposures regularly.

The option positions are diversified across sectors and geographies comprising 186 positions as at 31 October 2016 (2015: 151).

The economic exposures to options can be closed out at any time by the Company with immediate effect. Details of securities and exposures to market risk and credit risk implicit within the options portfolio are given on pages 55 and 58.

Collateral

The Company engages in activities which may require collateral to be provided to a counterparty (pledged collateral) or may hold collateral received (inbound collateral) from a counterparty. The Company uses inbound collateral received from a counterparty to reduce the counterparty credit risk associated with any trading activity in which the Company has engaged.

Cash held as security by the counterparty to financial derivative contracts is subject to the credit risk of the counterparty. The Company has not placed cash collateral as security with any counterparty as at 31 October 2016 or 31 October 2015. The Company has placed stock collateral with counterparties as at 31 October 2016 and 31 October 2015.

Inbound cash collateral received by the Company is reflected as a liability on the Statement of Financial Position as cash collateral payable. Collateral given/received in the form of securities is not reflected on the Statement of Financial Position. The Company has the right to sell or re-pledge collateral received in the form of securities in circumstances such as default.

The fair value of inbound securities collateral and securities collateral pledged is reflected in the table below:

	Pledged collateral	
	31 October 2016 £'000	31 October 2015 £'000
Stock collateral	5,795	7,326

Receivables

Amounts due from debtors are disclosed on the Statement of Financial Position as receivables. 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. 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 October 2016 and 2015 was as follows:

	2016 3 months or less £'000	2015 3 months or less £'000
Cash and cash equivalents	4,686	2,003
Cash held on margin deposit with brokers	125	–
Other receivables (amounts due from brokers, dividends and interest receivable)	154	2,755
	4,965	4,758

Management of counterparty credit risk

RQA are responsible for the risk management of the Company, with duties comprising of identifying, monitoring and managing risk, including counterparty credit risk. RQA are supported in this role by the Investment Manager.

The counterparty/credit risk is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker;
- the Company's listed investments are held on its behalf by The Bank of New York Mellon (International) Limited as the Company's custodian. 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;
- transactions involving derivatives are either exchange traded where the relevant exchange guarantees settlement or on an over-the-counter basis. Transactions are entered into only with those counterparties approved by the credit department of the Investment Manager. Counterparties are selected on the basis of a number of risk mitigation criteria designed to reduce the risk to the Company of default;
- the creditworthiness of financial institutions with whom cash is held is reviewed regularly by the Investment Manager;
- all transactions in listed securities are settled on a payment against delivery basis using approved brokers. 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 purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meets its obligation.

Offsetting disclosures

In order to better define its contractual rights and to secure rights that will help the Company mitigate its counterparty risk, the Company may enter into an ISDA Master Agreement or similar agreement with its OTC derivative contract counterparties. An ISDA Master Agreement is an agreement between the Company and the counterparty that governs OTC derivatives and foreign exchange contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Company has a contractual right to offset with the counterparty certain derivative financial instruments payables and/or receivables with collateral held and/or posted and create one single net payment in the event of default including the bankruptcy or insolvency of the counterparty. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events.

For financial reporting purposes, the Company does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statements of Financial Position.

At 31 October 2016 and 2015, the Company's derivative assets and liabilities (by type) are as follows:

	At 31 October 2016		At 31 October 2015	
Derivatives	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Written option contracts	–	(311)	–	(618)
Total derivative assets and liabilities in the Statement of Financial Position	–	(311)	–	(618)
Total assets and liabilities subject to a master netting agreement	–	(311)	–	(618)

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

The following table presents the Company's derivative liabilities by counterparty, net of amounts available for offset, under a master netting agreement and net of any related collateral paid by the Company at 31 October 2016:

Counterparty	Derivative liabilities subject to a master netting agreement by a counterparty £'000	Derivatives available for offset £'000	Non-cash collateral pledged £'000	Cash collateral given £'000	Net amount of derivative liabilities £'000
At 31 October 2016					
Morgan Stanley	(311)	–	311	–	–
Total as at 31 October 2016	(311)	–	311	–	–
At 31 October 2015					
Citigroup	(3)	–	–	–	(3)
UBS	(3)	–	–	–	(3)
Morgan Stanley	(612)	–	612	–	–
Total as at 31 October 2015	(618)	–	612	–	(6)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company is also exposed to the liquidity risk for margin calls on derivative instruments. At the year end, the Company had an overdraft facility of £10.0 million or 20% of the Company's net assets (2015: lower of £18.8 million or 20% of the Company's net assets).

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 31 October 2016 and 2015, based on the earliest date on which payment can be required, were as follows:

2016	3 months or less £'000
Derivative financial instruments – written options	311
Amounts due to brokers, bank overdrafts, accruals and provisions	901
	1,212

2015	3 months or less £'000
Derivative financial instruments – written options	618
Amounts due to brokers, bank overdrafts, accruals and provisions	2,030
	2,648

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. However, timely sale of trading positions can be impaired by many factors including decreased trading volume and increased price volatility. As a result, the Company may experience difficulties in disposing of assets to satisfy liquidity demands. Liquidity risk is not significant as 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 Statements of Financial Position at their fair value (investment and derivatives) 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). IFRS 13 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 to the Financial Statements on page 47.

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 as follows.

The fair value hierarchy has the following levels:

Level 1 – Quoted market price in an active market for an identical instrument. These include exchange traded derivative option contracts. 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.

Level 2 – Valuation techniques used to price securities based on observable inputs. This category includes instruments valued using quoted market prices in active markets for identical instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Investment Manager. 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.

Over-the-counter derivative option contracts have been classified as Level 2 investments as their valuation has been based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Company.

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

The table below sets out fair value measurements using the IFRS 13 fair value hierarchy.

Financial assets at fair value through profit or loss at 31 October 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	105,726	–	–	105,726
Liabilities:				
Derivative financial instruments – written options	(251)	(60)	–	(311)
	105,475	(60)	–	105,415

Financial assets at fair value through profit or loss at 31 October 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	95,936	–	–	95,936
Liabilities:				
Derivative financial instruments – written options	(473)	(145)	–	(618)
	95,463	(145)	–	95,318

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 October 2016 and 31 October 2015. The Company did not hold any Level 3 securities throughout the financial year or as at 31 October 2016 (2015: nil).

(e) 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 achieve an annual dividend target and over the long term capital growth by investing in a diversified portfolio of equity securities quoted in the U.S., with a focus on companies that pay and grow their dividends.

This is to be achieved through an appropriate balance of equity capital and gearing. The Company operates a flexible gearing policy which depends on prevailing conditions.

The Company's total capital at 31 October 2016 was £109,479,000 (2015: £98,046,000), comprising a bank overdraft of nil (2015: nil) and equity shares, capital and reserves of £109,479,000 (2015: £98,046,000).

Under the terms of the overdraft facility agreement, the Company's total indebtedness shall at no time exceed 20% of the Company's net asset value.

15. TRANSACTIONS WITH THE MANAGER

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014. BIM has (with the Company's consent) delegated certain portfolio and risk 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 21 and 22.

The investment management fee due for the year ended 31 October 2016 amounted to £747,000 (2015: £977,000). At the year end, £400,000 was outstanding in respect of the management fee (2015: £448,000).

In addition to the above services, BlackRock has provided the Company with marketing services. The total fees paid or payable for these services for the year ended 31 October 2016 amounted to £35,000 excluding VAT (2015: £92,000) before write back of prior year marketing expenses of £59,000 (2015: £64,000). An amount of £20,000 (2015: £105,000) was outstanding at 31 October 2016.

16. RELATED PARTY DISCLOSURE: DIRECTORS' EMOLUMENTS

The Board consists of four non-executive Directors, all of whom are considered to be independent of the Investment Manager by the Board. None of the Directors has a service contract with the Company. For the year ended 31 October 2016, the Chairman received an annual fee of £30,000, the Chairman of the Audit & Management Engagement Committee received an annual fee of £25,000 and each of the other Directors received an annual fee of £21,000. With effect from 1 November 2016, the remuneration of the Chairman was increased to £36,000, the Chairman of the Audit and Management Engagement Committee to £30,000 and for the other Directors to £25,000.

The related party transactions with Directors are set out in the Directors' Remuneration Report on pages 27 and 28. At 31 October 2016, £8,000 (2015: £8,000) was outstanding in respect of Directors' fees.

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 October 2016 (2015: nil).

Additional information

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:

February
Annual General Meeting.

June
Half yearly figures announced and Half Yearly Financial Report published.

December
Annual results and Annual Report and Financial Statements published.

QUARTERLY DIVIDENDS

Dividends are paid quarterly as follows:

Period ending	Ex-date	Payment date
31 January	February	April
30 April	May	July
31 July	August	October
31 October	November	January

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 873 5879, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending this to the Company's registrar, Computershare. Dividend confirmations 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 873 5879. Shareholders who have already opted to have their dividends reinvested do not need to reapply.

SHARE PRICES

The Company's mid-market share prices are 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.co.uk/brna.

ISIN/SEDOL NUMBERS

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

	Ordinary shares
ISIN	GB00B7W0XJ61
SEDOL	B7W0XJ6
Reuters code	BRNA.L
Bloomberg code	BRNA LN

DIVIDEND TAX ALLOWANCE

From April 2016, dividend tax credits will be replaced by an annual £5,000 tax free allowance on dividend income across an individual's entire share portfolio. 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.

This change was announced by the Chancellor, as part of the UK Government Budget, in July 2015. 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.

For existing shareholders the Company's registrar, Computershare Investor Services PLC, has both internet and telephone share dealing services. To access the internet share dealing service, log on to computershare.com/sharedealingcentre. The telephone share dealing service is available on 0370 703 0084. To use these services, you will need your shareholder reference number which is detailed on your share certificate.

Internet dealing – The fee for this service is 1% of the value of each sale or purchase of shares (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 £35). 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 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.

LIVE STREAMING

For the first time, the Annual General Meeting of the Company to be held at 12.00 noon on Tuesday, 21 February 2017 will be live streamed via the internet. If you are unable to attend the meeting you can therefore view it online as it happens via a link on the Company's website at www.blackrock.co.uk/brna.

You will be able to watch the Portfolio Managers present their outlook for the coming months. Questions can also be submitted online prior and during the event using the online question form available through the link on the website.

The Annual General Meeting will be available to watch on demand shortly after the meeting on the Company's website.

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;
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available; and
- that investors in the BlackRock Investment Trusts Savings Plan and Stocks and Shares NISA are automatically sent shareholder communications, including details of general meetings, together with a Form of Direction to facilitate voting and to seek authority to attend.

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.co.uk/brna, 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).

ONLINE ACCESS

Other details about the Company are available on the BlackRock website at blackrock.co.uk/brna. 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 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.

Additional information

Shareholder information continued

SAVINGS PLAN

The Company participates in the BlackRock Investment Trust Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Savings Plan should call BlackRock free on 0800 44 55 22.

STOCKS AND SHARES INDIVIDUAL SAVINGS ACCOUNTS (NISA)

NISAs are a tax-efficient method of investment and the Company's shares are eligible investments within the BlackRock Investment Trust Stocks and Shares NISA. In the 2016/2017 tax year, investors have an annual NISA allowance of £15,240. Details are available from BlackRock by calling free on 0800 44 55 22.

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 873 5879.

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 Secretary
BlackRock North American Income Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Enquiries about the Savings Plan or NISA should be directed to:

Freepost RLTZ-KHUH-KZSB
BlackRock Investment Management (UK) Limited
PO Box 9036
Chelmsford CM99 2XD
Telephone: 0800 44 55 22

Additional information

Analysis of ordinary shareholders

BY TYPE OF HOLDER

	Number of holders	% of total 2016	% of total 2015	Number of shares	% of total 2016	% of total 2015
Individuals	65	8.7	8.7	1,304,704	1.9	2.0
Banks or Nominees	667	88.9	89.1	67,025,111	97.2	97.5
Insurance Company	5	0.7	0.7	86,650	0.1	0.1
Other Company	10	1.3	1.2	477,757	0.7	0.4
Pension Trust	1	0.1	0.1	1	0.0	0.0
Other Corporate Body	2	0.3	0.2	54,821	0.1	0.0
	750	100.0	100.0	68,949,044	100.0	100.0

BY SIZE OF HOLDING

Range	Number of holders	% of total 2016	% of total 2015	Number of shares	% of total 2016	% of total 2015
1-10,000	431	57.4	52.8	2,152,634	3.1	2.9
10,001-100,000	247	32.9	36.9	6,971,510	10.1	10.2
100,001-1,000,000	53	7.1	7.8	16,434,125	23.8	28.2
1,000,000-5,000,000	17	2.3	2.3	31,829,000	46.2	43.1
5,000,000 and above	2	0.3	0.2	11,561,775	16.8	15.6
	750	100.0	100.0	68,949,044	100.0	100.0

Historical Record

Year ended 31 October	Ordinary shares in issue ex. Treasury	Treasury shares	Net assets attributable to ordinary shareholders £'000	Net asset value per ordinary share – undiluted p	Ordinary share price p	Revenue attributable to ordinary shareholders £'000	Revenue earnings per share p	Dividend per share p
2013	99,361,305	–	111,289	112.00	112.50	3,254	4.28	4.00
2014	99,361,305	–	121,199	120.76	112.00	4,256	4.25	4.00
2015	80,039,044	20,322,261	98,046	122.50	113.00	3,833	4.54	4.30
2016	68,949,044	31,412,261	109,479	158.78	155.75	3,730	5.17	4.70

Additional information

Management & other service providers

Registered Office
(Registered in England, No. 8196493)
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
BNY Mellon Trust & Depositary (UK) Limited*
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Registrar
Computershare Investor Services PLC*
The Pavilions
Bridgwater Road
Bristol BS99 6ZY
Telephone: 0370 873 5879

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Stockbroker
Cenkos Securities plc*
6.7.8 Tokenhouse Yard
London EC2R 7AS

Solicitor
Gowling LLP
4 More London Riverside
London SE1 2AU

Savings Plan and NISA Administrator
Freepost RLTZ-KHUH-KZSB
BlackRock Investment Management (UK) Limited*
PO Box 9036
Chelmsford CM99 2XD
Telephone: 0800 44 55 22

* Authorised and regulated by the Financial Conduct Authority.

Regulatory disclosures

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 Alternative Investment Fund Manager (AIFM).

Details of the BlackRock AIFM Remuneration Policy are disclosed on the Company's website at blackrock.co.uk/brna and have applied to the Manager since 1 January 2015, being the beginning of the first financial year of BlackRock following the Manager's authorisation as the Company's AIFM.

QUANTITATIVE REMUNERATION DISCLOSURES

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.co.uk/brna.

LEVERAGE

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. The Company may also employ leverage in its investment programme through foreign exchange forward contracts. 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.

Consistent with its investment objectives and policy, the Company may utilise a variety of exchange traded and over-the-counter (OTC) derivative instruments such as covered call options as part of its investment policy. The use of derivatives may expose the Company to a higher degree of risk. 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:

Derivatives	Commitment leverage as at 31 October 2016	Gross leverage as at 31 October 2016
Leverage ratio	1.07	1.13

OTHER RISK DISCLOSURES

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 14 to the notes to the financial statements on pages 52 to 60.

PRE INVESTMENT DISCLOSURES

The AIFMD requires certain information to be made available to investors in 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.co.uk/brna.

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.

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED

Company Secretary
15 December 2016

Regulatory disclosures

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.

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.

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
15 December 2016

Annual general meeting

Notice of annual general meeting

Notice is hereby given that the fourth Annual General Meeting of BlackRock North American Income Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 21 February 2017 at 12.00 noon to consider and, if thought fit, pass Resolutions 1 to 8 inclusive as Ordinary Resolutions and Resolutions 9 and 10 as Special Resolutions.

ORDINARY BUSINESS

1. To receive the report of the Directors of the Company and the financial statements for the year ended 31 October 2016, together with the report of the auditors thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 October 2016, excluding the remuneration policy of the Company.

3. To approve the remuneration policy of the Company, as set out in the future policy table in the Directors' Remuneration Report on page 27.

4. That shareholders approve the Company's dividend policy to continue to pay four quarterly interim dividends, which in the year under review have totalled 4.70p per share.

5. To re-elect Ms A A Ryder as a Director.

6. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

7. To authorise the Audit and Management Engagement Committee to determine the auditors' remuneration.

SPECIAL BUSINESS

ORDINARY RESOLUTION

8. That, in substitution for all existing authorities, the Directors of the Company be and they 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 £68,949 (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 this authority shall (unless previously revoked) expire at the conclusion of the Annual General Meeting to be held in 2018, 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

9. That, in substitution for all existing authorities and subject to the passing of resolution numbered 8 above, the Directors of the Company be and are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the Act) to allot equity securities (as defined in section 560 of the Act) and to sell equity securities held by the Company as treasury shares (as defined in section 724 of the Act) for cash pursuant to the authority granted by the resolution numbered 8 above, as if section 561(1) of the Act did not apply to any such allotments and sales of equity securities, provided that this power:

   (a) shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2018, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot and sell equity securities in pursuance of such offer or agreements;

   (b) shall be limited to the allotment of equity securities and/or the sale of equity securities held in treasury for cash up to an aggregate nominal amount of £68,949 (representing 10% of the aggregate nominal amount of the issued share capital, excluding treasury shares, of the Company at the date of this notice); and

   (c) shall be limited to the allotment of equity securities at a price of not less than the net asset value per share as close as practicable to the allotment or sale.

10. That in substitution for the Company's existing authority to make market purchases of ordinary shares of 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 10,335,461 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) at the date of the Annual General Meeting;

    (b) the minimum price (exclusive of expenses) which may be paid for any such Ordinary Share shall be 1p being the nominal value per share;

Annual general meeting

Notice of annual general meeting continued

(c) the maximum price (exclusive of expenses) 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 (a) the last independent trade of and (b) the highest independent bid for, any number of Ordinary 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 2018 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.

BY ORDER OF THE BOARD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Secretary
15 December 2016

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

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 17 February 2017 (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 17 February 2017 (Saturdays, Sundays and public holidays excepted).
3. Completion and return of the Form of Proxy will not prevent you from attending the meeting and voting in person.
4. 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.
5. 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.
6. 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. on 17 February 2017 (Saturdays, Sundays and public holidays excepted) 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.
7. 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.
8. Holders of ordinary shares through the Savings Schemes are entitled to attend and vote at the meeting if the voting instruction form, which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon.
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 12.00 noon on 17 February 2017 (Saturdays, Sundays and public holidays excepted). 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 12.00 noon on 17 February 2017 (Saturdays, Sundays and public holidays excepted). 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 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 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.

Annual general meeting

Notice of annual general meeting continued

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 auditors' 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 auditors 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. Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:
    (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or
    (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

    A resolution may properly be moved or a matter may properly be included in the business unless:
    (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
    (b) it is defamatory of any person; or
    (c) it is frivolous or vexatious.

    Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 9 January 2017, being the date six weeks clear before the meeting and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
16. 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.co.uk/brna.
17. As at 15 December 2016 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital comprised 68,949,044 ordinary shares of 1p each, excluding shares in treasury. Each ordinary share carries the right to one vote and therefore the total number of voting rights in the Company as at 15 December 2016 is 68,949,044.
18. 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.

Glossary

NET ASSET VALUE PER SHARE (NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing shareholders' funds by the total number of ordinary shares in issue. For example, as at 31 October 2016 equity shareholders' funds were £109,479,000 and there were 68,949,044 ordinary shares (excluding treasury shares) in issue; the NAV was therefore 158.78p per share.

Shareholders' funds are calculated by deducting the Company's current and long term liabilities and any provision for liabilities and charges from its assets.

DISCOUNT

Investment trust shares 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. For example, if the share price was 155p and the NAV 160p, the discount would be 3.1%.

PREMIUM

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 162p and the NAV 160p, the premium would be 1.2%.

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

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:

Leverage ratio = exposure: net asset value

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The process for calculating exposure under each methodology is largely the same, except that, where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity's exposure is effectively reduced.

Financial Conduct Authority

Be ScamSmart

Investment scams are designed to look like genuine investments.

In association with the Institute of Chartered Secretaries and Administrators Registrars Group

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.

How to avoid share fraud

1. **Reject cold calls**
   If you've been cold called with an offer to buy or sell shares, 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 firm on the FS register at www.fca.org.uk/register**
   The Financial Services Register is a public record of all the firms and individuals in the financial services industry that are regulated by the FCA.

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.

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

Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the share fraud reporting form at **www.fca.org.uk/scams**, where you can find out more about investment scams. 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**

April 2015

blackrock.co.uk/brna

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