Contents

BLACKROCK NORTH AMERICAN INCOME TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 OCTOBER 2017

BLACKROCK®

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. quoted equities.

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

Contents

Overview

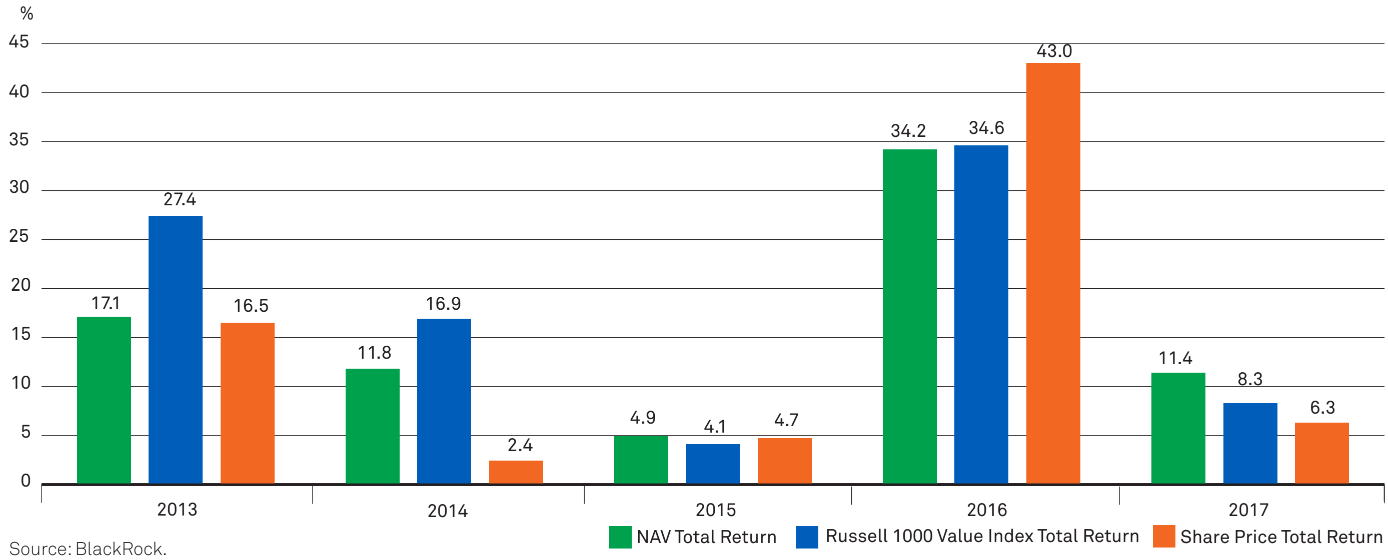
Performance record

Attributable to ordinary shareholders	31 October 2017	31 October 2016
Net assets (£'000)[1]	118,295	109,479
Net asset value per ordinary share	171.76p	158.78p
Ordinary share price (mid-market)	160.50p	155.75p
Discount to cum income net asset value[2]	6.6%	1.9%
Performance		
Net asset value per share (total return)[3]	+11.4%	+34.2%
Russell 1000 Value Index (total return)	+8.3%	+34.6%
Share price (total return)[3]	+6.3%	+43.0%

1 The change in net assets reflects market movements and share buybacks during the year.
2 This is the difference between the share price and the NAV per share with debt at par. It is an indicator of the need for shares to be bought back or, in the event of a premium to NAV per share, issued.
3 This measures the Company's share price and NAV total return, which assumes dividends paid by the Company have been reinvested.

	Year ended 31 October 2017	Year ended 31 October 2016	Change %
Revenue			
Net revenue profit after taxation (£'000)	3,731	3,730	0.0
Revenue return per ordinary share	5.41p	5.17p	+4.6
Interim dividends			
1st interim	1.20p	1.10p	+9.1
2nd interim	1.25p	1.20p	+4.2
3rd interim	1.25p	1.20p	+4.2
4th interim	1.25p	1.20p	+4.2
Total dividends paid	4.95p	4.70p	+5.3

ANNUAL PERFORMANCE SINCE LAUNCH ON 24 OCTOBER 2012 TO 31 OCTOBER 2017



Source: BlackRock.
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 2017, the Company's net asset value per share (NAV) increased by 11.4%* compared with a rise of 8.3%* in the Russell 1000 Value Index. The share price rose by 6.3%*. Further information is set out in the Investment Manager's Report.

At the close of business on 11 December 2017, the Company's NAV had increased by 2.4% since the year end.

MARKET OVERVIEW

Sustained global economic expansion provided a positive backdrop for earnings momentum from the middle of 2016. In the U.S., despite political uncertainty over the administration's ability to push through tax reform, better-than-expected economic data and stronger corporate earnings results have helped the market advance. The jobless rate has touched levels rarely seen since the 1950s and, with the strong growth in household incomes, official consumer data has remained resilient. Corporate earnings have generally beaten estimates with many companies benefiting from a weakening U.S. dollar.

EARNINGS AND DIVIDENDS

The Company's revenue earnings per share for the year amounted to 5.41p (2016: 5.17p), an increase of 4.6%. The first quarterly dividend of 1.20p per share was paid on 4 April 2017 and two further dividends of 1.25p per share were paid on 30 June 2017 and 6 October 2017. A fourth interim dividend of 1.25p per share has been declared and will be paid on 5 January 2018. This represents an increase of 5.3% on the payments made in the previous financial year.

The Board is conscious that, although the quarterly dividend has increased by 25% from 1.00p per share to 1.25p per share since the Company's launch in 2012, the strong capital growth of the portfolio during this period (74.8%) has also resulted in a lower dividend yield for new investors. In line with the commitment to a progressive dividend policy, the Board has resolved to pay a quarterly dividend of 2.00p per share in the current financial year, a full year distribution of 8.00p per share, which would represent a dividend yield of approximately 5% at the current share price, paying out a small amount of the Company's capital profits to achieve this. The investment approach of the Portfolio Managers will not alter as a consequence of this policy, and the Board do not envisage that the proportion of the portfolio over which options are written will increase. The Board believes that this dividend policy will benefit existing shareholders, whilst also making the Company's shares attractive to new buyers, appealing to retail investors in particular. It is also consistent with the underlying investment objective of the Company and utilises an attractive and distinctive option now open to investment companies, but not available to many open-ended funds.

DISCOUNT CONTROL

The Directors recognise the importance to investors that the share price should not trade at a significant discount to the underlying NAV. Accordingly, the Board monitors this closely and will consider the repurchase of shares when appropriate.

During the year and up to the date of this report, the Company has repurchased 75,000 ordinary shares. 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 (excluding any shares held in treasury). The authorities to reissue and buy back shares expire at the conclusion of the 2018 Annual General Meeting and resolutions will be put to shareholders seeking a renewal of these powers.

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, 6 March 2018 at 12.00 noon. Details of the business of the meeting are set out in the Notice of Meeting on pages 74 to 77 of this Annual Report. The Portfolio Managers will make a presentation to shareholders on the Company's performance and the outlook for U.S. markets in the year ahead.

OUTLOOK

The economic background remains supportive and moderate growth is anticipated to continue in 2018. As a consequence, we are likely to see further increases in interest rates next year and the requirement for higher interest rates has been well telegraphed. Although the administration has struggled to carry through its planned tax reforms, on 1 December the U.S. Senate passed its bill for a much-awaited overhaul of the U.S. tax code. If the legislation continues to progress as planned, this should provide additional support to earnings.

Whilst there are a number of short term factors likely to continue to influence market sentiment, our Portfolio Managers take a longer term view and have not shifted the portfolio significantly following the presidential election outcome. The Portfolio Managers will therefore continue to focus on companies which show promise in terms of delivering both immediate income and have attractive dividend growth prospects.

SIMON MILLER
13 December 2017

* 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 2017. The aim of the Strategic Report is to provide shareholders with the information to assess how the Directors have performed their duty to promote the success of the Company for the collective benefit of shareholders.

PRINCIPAL ACTIVITY

The Company carries on business as an investment trust and its principal activity is portfolio investment. Investment trusts are pooled investment vehicles which allow exposure to a diversified range of assets through a single investment, thus spreading investment risk.

OBJECTIVE

The Company's objective is 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. quoted equities with a focus on companies that pay and grow their dividends. The Company may invest 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, BUSINESS MODEL AND INVESTMENT POLICY

Strategy

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). As at 31 October 2017, there were 90 holdings in the Company's portfolio.

Business model

The Company's business model follows that of an externally managed investment trust. Therefore, the Company does not have any employees and outsources its activities to third party service providers including BlackRock Fund Managers Limited (the Manager or BFM) who is the principal service provider. The management of the investment portfolio and the administration of the Company have been contractually delegated to BlackRock Fund Managers Limited (the Manager) who in turn (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (the Investment Manager or BIM (UK)). 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.

Other service providers include the Depositary, The Bank of New York Mellon (International) Limited. The Manager delegates fund accounting services to the Investment Manager, which in turn sub-delegates these services to The Bank of New York Mellon (International) Limited. The Company delegates registration services to the Registrar, Computershare Investor Services PLC.

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 based on 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. (*Securities issued outside of the U.S. of companies exercising the predominant part of their economic activity in the U.S. will be excluded from this 20 per cent limit.)

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; and 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.

Performance

Strategic report continued

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.

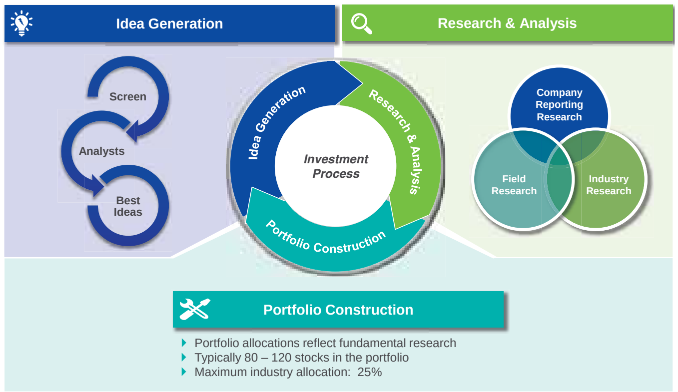
INVESTMENT PHILOSOPHY AND PROCESS

An overview of the Investment Manager's investment philosophy and process is set out below. The Manager seeks to offer a stable foundation for investors to protect and grow their assets through disciplined application of value investment principles. The Manager believes a portfolio of attractively valued, quality companies with histories of dividend growth can potentially deliver strong risk-adjusted returns over the long term.

Philosophy and Core Beliefs

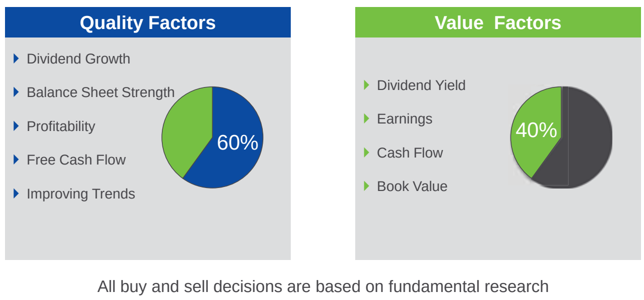
The Manager's investment process has three main elements including idea generation, investment research and portfolio construction. The investment process is continuous and forms a virtuous circle that ensures the best investment ideas are reflected in the portfolio at all times.

Investment Process



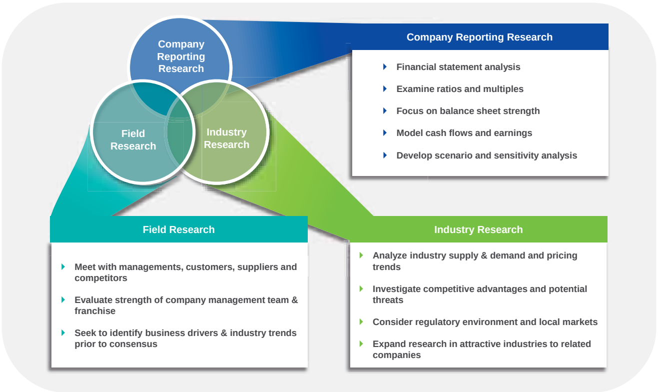
The Investment Manager derives new investment ideas from the bottom-up fundamental research generated by its research analysts and from its quantitative screens. The Manager's research analysts derive investment ideas from their existing knowledge of industry and company trends and developments. The Manager's quantitative screens utilise both quality and value factors with the goal of highlighting potentially attractive opportunities that the analysts may have otherwise missed. The Manager's Directors of Research collaborate with the research analysts to prioritise research ideas and ensure research best practices. Below is a summary of the research screen.

Investment Process: Research Screen



The Manager's research analyst team conducts fundamental research. This research includes traditional financial statement analysis, meetings with company managements, discussions with industry experts, and collaboration with investors across BlackRock. The Manager's bottom-up fundamental research process is outlined in the following chart:

Investment Process: Research



Final investment decisions result from the Manager's bottom-up, company specific research. Portfolio allocations are a reflection of the investment opportunities the Manager is identifying in the current environment.

PERFORMANCE

Over the year ended 31 October 2017, the Company's net asset value returned 11.4% compared with a return of 8.3% in the Russell 1000 Value Index. The ordinary share price returned 6.3% (all percentages are calculated in sterling terms with income reinvested). The Investment Manager's Report on pages 11 to 14 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

RESULTS AND DIVIDENDS

The results for the Company are set out in the Statement of Comprehensive Income on page 44. The total return for the year, after taxation, was £12,313,000 (2016: £27,701,000) of which the revenue return amounted to £3,731,000 (2016: £3,730,000) and the capital return amounted to £8,582,000 (2016: £23,971,000).

The Company pays dividends quarterly. One quarterly interim dividend of 1.20p per share was paid on 4 April 2017, two quarterly dividends of 1.25p per share were paid on 30 June 2017 and 6 October 2017 and a further dividend of 1.25p per share will be paid on 5 January 2018. Total dividends of 4.95p per share were paid or declared in the year ended 31 October 2017 (2016: 4.70p).

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 in the following table.

	Year ended 31 October 2017	Year ended 31 October 2016
Net asset value per ordinary share	171.76p	158.78p
Ordinary share price (mid-market)	160.50p	155.75p
Net asset value total return[1]	11.4%	34.2%
Benchmark index[2]	8.3%	34.6%
Share price total return[1]	6.3%	43.0%
Dividends per share	4.95p	4.70p
Discount to cum income net asset value[3]	6.6%	1.9%
Revenue return per share	5.41p	5.17p
Ongoing charges[4]	1.07%	1.04%

1 This measures the Company's share price and NAV total return, which assumes dividends paid by the Company have been reinvested.
2 Russell 1000 Value Index.
3 This is the difference between the share price and the NAV per share with debt at par. It is an indicator of the need for shares to be bought back or, in the event of a premium to NAV per share, issued.
4 Ongoing charges represent the management fee and all other operating expenses excluding interest as a % of average shareholders' funds.

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 or premium to the underlying net asset value per share. In the year under review, the Company's shares have traded from a premium of 1.6% to a discount of 8.9% on a cum income basis and were trading at a discount of 8.2% as at close of business on 11 December 2017.

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.

Performance

Strategic report continued

The risk register, its method of preparation and the operation of 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 internal control reports from the Company's service providers.

In relation to the 2016 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 below.

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, the Market Abuse Regulation, the Bribery Act 2010 and Criminal Finances Act 2017.	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 is 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.

Principal Risk	Mitigation/Control
Market Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through realising investments in the face of negative market movements. Changes in general economic and market conditions, such as currency exchange rates, interest rates, rates of inflation, industry conditions, tax laws, political events and trends, including the impact of the U.K. leaving the EU and the results of the 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.
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 and The Bank of New York Mellon (International) Limited, who also 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, BlackRock and The Bank of New York Mellon, 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 56 to 66, 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 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months referred to by the 'Going Concern' guidelines. The Board conducted this review 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.

Performance

Strategic report continued

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 on the previous pages;
- 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 in the next twelve months 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 33.

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 2017, 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 11 to 19 forms part of this Strategic Report. The Strategic Report was approved by the Board at its meeting on 13 December 2017.

BY ORDER OF THE BOARD

CAROLINE DRISCOLL
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
13 December 2017

Performance

Investment manager's report

TONY DESPIRITO
Co-Manager

FRANCO TAPIA
Co-Manager

DAVID ZHAO
Co-Manager

MARKET OVERVIEW

For the year ended 31 October 2017, U.S. large cap stocks, as represented by the S&P 500 Index, advanced by 23.6% (in U.S. dollar terms). Stocks ended 2016 on a high note, as Donald Trump's U.S. presidential election victory, with expectations for tax reform, increased infrastructure spending and reduced government regulation, provided a lift to consumer sentiment and U.S. growth expectations. Valuation multiples expanded during the period, reflecting investor expectations for potentially rising interest rates, in addition to an acceleration in U.S. nominal GDP growth. Performance was strongest in the financials sector, as expectations for President Trump's administration to enact pro-business policies and potentially reduce existing regulatory burdens improved the outlook for banks in particular.

U.S. stocks have continued their rally in 2017, as the S&P 500 Index has posted a positive return in each month of the year thus far. In our view supportive economic data, stronger corporate earnings results and investor optimism are the primary drivers of year-to-date U.S. equity market returns. Despite headline risks including legislative gridlock in Washington D.C. and geopolitical tensions with North Korea, the underlying fundamentals of the U.S. economy remain firm. Steady job growth in recent years has restored the labour force to near full employment, wage growth is trending higher, albeit slowly, and traditional measures of inflation are moderate. High levels of consumer and business confidence, as well as robust consumer spending, also point toward healthy economic conditions. Further, the aforementioned prospect for reduced regulation is a potentially underappreciated tailwind for the U.S. economy.

PORTFOLIO OVERVIEW

The portfolio generated relative outperformance in eight out of eleven GICS (Global Industry Classification Standard) sectors during the period. The largest contributor to relative performance was stock selection in the health care sector, led by selection decisions in the health care providers & services industry. In financials, a combination of stock selection and an overweight to the banks industry contributed to relative performance. A combination of stock selection and allocation decisions in the energy sector also boosted relative returns. Notably, our underweight to the U.S. integrated oil & gas operators and our overweight to their non-U.S. domiciled peers proved to be beneficial. Further, our underweight to the energy equipment & services industry also added to relative results. Stock selection within the information technology and consumer staples sectors contributed to relative performance, as did our underweight positioning in consumer staples and real estate.

At the sector level, the primary detractor from relative performance was a combination of stock selection and allocation decisions in industrials. Notably, our underweight to the machinery and road & rail industries proved to be costly, as was stock selection in the professional services industry. Stock selection in the utilities sector also detracted from relative returns, albeit modestly. At the industry level, other notable detractors included stock selection in the food & staples retailing industry as well as our decision to underweight the diversified financial services and consumer finance industries. Lastly, the portfolio's cash position dampened relative performance during the period.

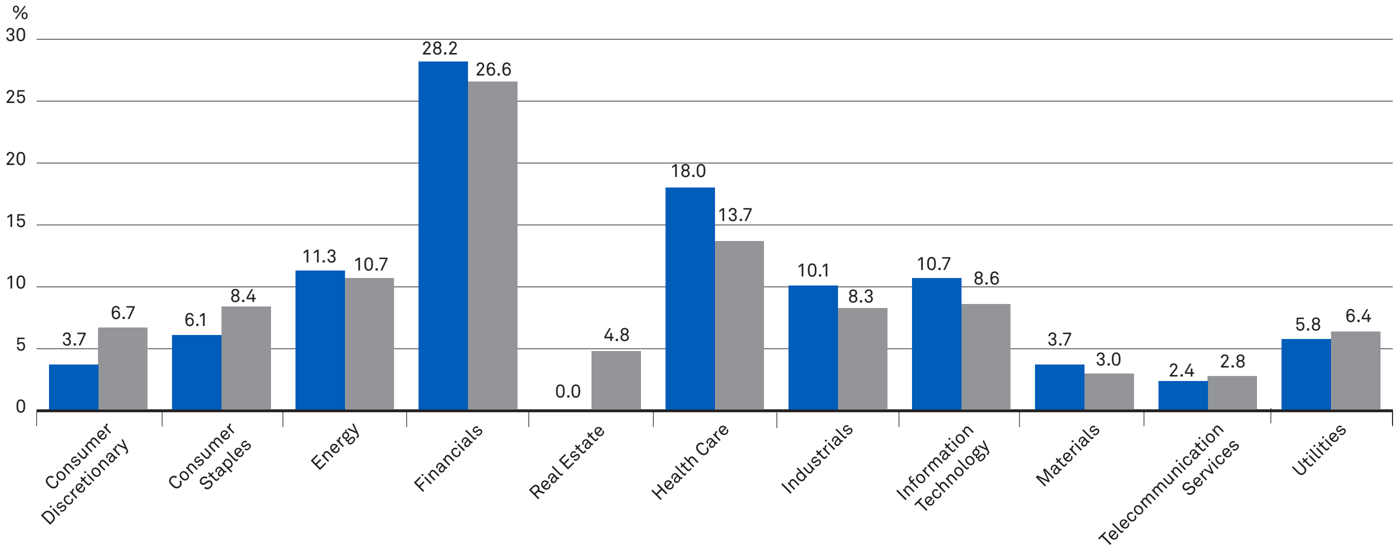
As expected, writing covered call options in a rising equity environment capped upside returns during the period and therefore detracted modestly from absolute performance. As designed, the Company's option overwrite component enhanced the portfolio's income during the period.

Performance

Investment manager's report continued

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

DISTRIBUTION OF INVESTMENTS AS AT 31 OCTOBER 2017



Source: BlackRock.

Health Care – 4.3% overweight (18.0% of portfolio)

Our overweight to the health care sector is concentrated in the health care providers & services and pharmaceuticals industries. These companies exhibit many of the quality and stability characteristics that we target, along with solid earnings and dividend growth prospects. Relative to consumer staples, another defensive sector, we believe the health care space offers investors healthier balance sheets, cheaper valuations and stronger revenue growth potential. Further, the sector has lower payout ratios, which we believe can translate into more robust future dividend growth as well.

Information Technology – 2.1% overweight (10.7% of portfolio)

Our preference in the sector is to own large-cap mature tech companies that, in our view, are competitively insulated from disruptors and well-positioned to take advantage of long term secular tailwinds. We believe valuations remain attractive and companies such as Oracle (3.2% of the portfolio), Microsoft (2.2% of the portfolio), and Taiwan Semiconductor Manufacturing (1.3% of the portfolio) offer a compelling mix of healthy balance sheets, strong free cash flow generation and growing dividend streams. Additionally, we believe the sector should continue to benefit from an increase in capital spending.

Industrials – 1.8% overweight (10.1% of portfolio)

We have reduced our exposure to the industrials sector over the past year and the Company now holds an allocation that is modestly underweight to its benchmark. Despite reducing our overall exposure, we remain optimistic within specific pockets of the sector. In particular, we are bullish on the large-cap aerospace & defence operators. These firms have strong balance sheets, good visibility into sales and earnings, and historically have demonstrated shareholder friendly capital return policies. Further, we believe there is a potential for an upward inflection, globally, in defence spending. We also maintain exposure to industrial conglomerates such as General Electric (0.9% of the portfolio), Honeywell International (1.4% of the portfolio) and 3M (0.8% of the portfolio).

Financials – 1.6% overweight (28.2% of portfolio)

Financials represent the Company's largest absolute sector allocation. In particular, we remain bullish on the U.S. banks and capital markets stocks. Our bullishness is predicated on our belief that the U.S. banks are safer and sounder investments today than before the financial crisis. The U.S. banks have improved balance sheets, low credit losses, high capital levels and attractive valuations. Further, their growing dividends are attractive from a capital return perspective. We believe earnings growth will be the primary driver of stock returns going forward, with deregulation in the U.S. a potentially underappreciated tailwind. To the extent that earnings exceed consensus expectations, the U.S. banks may benefit from incremental margin expansion as well.

Materials – 0.7% overweight (3.7% of portfolio)

Our exposure to the materials sector is primarily based in the chemicals industry. In particular, we believe longer term secular trends in global population growth will benefit well positioned companies in the agricultural chemical space. We believe companies with scale and high-quality assets will be able to deliver stronger earnings and dividend growth. Our largest portfolio holding in the chemicals industry is DowDuPont (2.4% of the portfolio).

Energy – 0.6% overweight (11.3% of portfolio)

In energy, we favour oil-weighted companies over those levered to natural gas and prefer exposure to large-cap integrated oil and independent oil & gas producers. From a quality standpoint, we seek to own companies with experienced management teams and exposure to lower cost resource assets. From a valuation standpoint, we seek to own companies with free cash flow generation and margin capture stories that in our view are underappreciated by the market.

Telecommunication Services – 0.4% underweight (2.4% of portfolio)

We are underweight to telecoms and our allocation remains concentrated in diversified telecommunication bellwether Verizon Communications (1.5% of the portfolio). Our stock-specific exposure in the sector is to companies that offer healthy dividend yields and opportunity for steady, longer term growth.

Utilities – 0.6% underweight (5.8% of portfolio)

With fixed income yields at the lower end of their historical ranges, strong investor demand for income in recent years has resulted in elevated valuations for many high dividend yielding stocks, including utilities companies. Despite rich valuations, we are finding pockets of opportunity in U.S. regulated utilities such as NextEra Energy (1.6% of the portfolio) and PG&E (1.2% of the portfolio). These companies add a level of stability and defensiveness to the portfolio through their durable dividend profiles and healthy earnings growth potential. We also favour these companies due to the stable regulatory environments in which they operate.

Consumer Staples – 2.3% underweight (6.1% of portfolio)

The consumer staples sector is a common destination for the conservative equity income investor. Historically, many of these companies have offered investors recognisable brands, diverse revenue streams, exposure to growing end markets and the ability to garner pricing power. These characteristics, in turn, have translated into strong and often stable free cash flow and growing dividends for shareholders. In recent years some of these secular advantages have become challenged, in our view, due to changing consumer preferences, greater end market competition from local brands, and disruption from the rapid adoption of online shopping. These challenges, combined with higher than historical valuations, have facilitated our underweight to the sector. Notably, we prefer ownership of companies with underappreciated growth profiles, sticky customer bases, and the ability to grow market share and/or improve profit margins.

Consumer Discretionary – 3.0% underweight (3.7% of portfolio)

The balance sheet for U.S. consumers has improved in recent years, aided by a recovering domestic housing market, strong jobs growth and accelerating wages. These factors have also contributed to an increase in consumer confidence. However, these positive tailwinds have failed to translate into stronger retail sales for many brick & mortar stores as changing consumer preferences, technological innovation and new competitors threaten traditional business models. We remain cautious within the sector given these disruptive forces. Our positioning in the sector reflects stock-specific opportunities that, in our view, are (1) trading at discounted valuations or (2) somewhat insulated from these disruptive pressures. For example, we are positive on Lowe's Companies (0.5% of the portfolio) a home improvement retailer, and Comcast (1.5% of the portfolio), a low-cost provider of high speed data service.

Real Estate – 4.8% underweight (0.0% of portfolio)

Our largest underweight position in the Company is in the real estate sector. We maintain a zero weighting in the space due to our view that valuations are unattractive at current levels. Further, the returns of real estate stocks relative to the returns of Long Treasury Bonds are highly correlated today. Therefore, we believe the prospects for higher interest rates in the U.S. are a potential headwind for the sector as well.

POSITIONING AND OUTLOOK

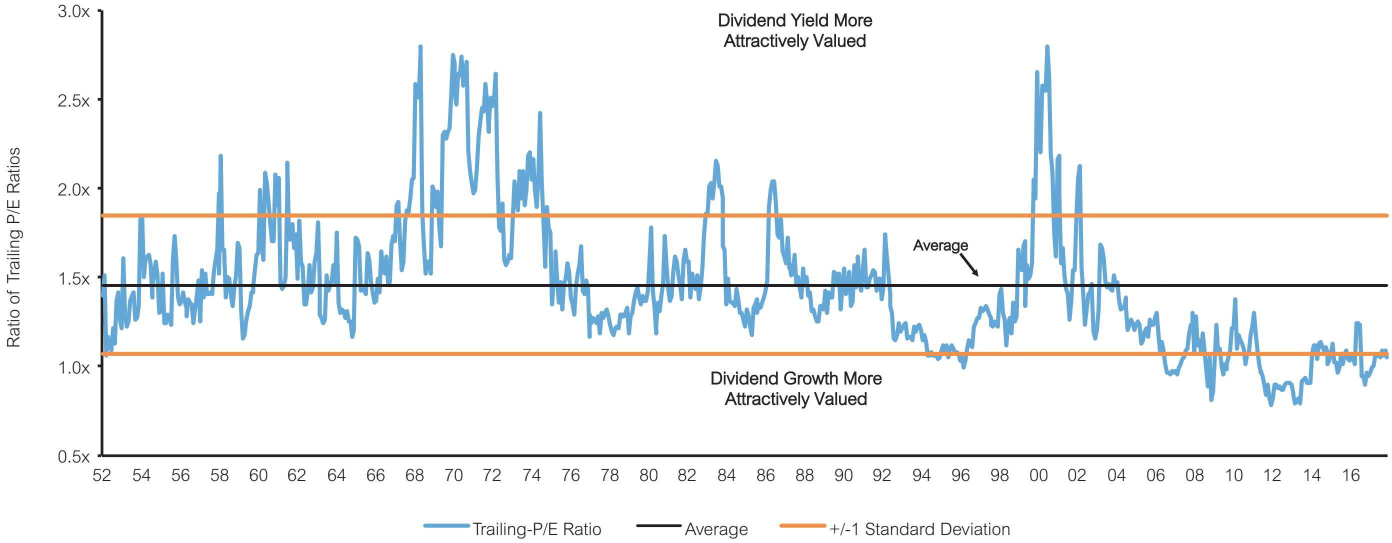
In our view, the opportunity for investors lies in the persistence of today's positive economic backdrop being a catalyst for additional corporate earnings growth. To the extent that investor expectations can be realised through stronger corporate earnings, we believe stocks have a reasonable path forward to achieve further gains in this business cycle.

We believe more moderate return expectations are prudent, however, given elevated U.S. equity market valuations. Political gridlock in Washington D.C. and a lack of clarity in regards to fiscal policy (i.e. potential health care/tax reform) and foreign policy are key risks to monitor in the months ahead. As such, 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 attractively-priced, dividend growth stocks with sound balance sheets are particularly well positioned for today's environment. Many of these companies still offer competitive yields relative to 10-year and 30-year U.S. Treasuries and offer the potential for future capital appreciation and income growth.

Performance

Investment manager's report continued

DIVIDEND GROWTH STOCKS ARE ATTRACTIVELY PRICED RELATIVE TO DIVIDEND YIELD STOCKS



Source: Corporate Reports, Empirical Research Partners Analysis. Data from January 1952 – October 2017. The investment universe includes the 750 largest U.S. stocks by market cap, as well as any S&P Index constituents that are not already included. The trailing P/E Ratio is capitalisation-weighted data, and depicts the trailing P/E of the highest quintile of dividend growth stocks versus the trailing P/E of the highest quintile of dividend stock yields.

Our largest exposures are in the financials, health care and energy sectors. In recent months, notable portfolio changes included increasing our allocation to the health care and consumer staples sectors and reducing our exposure to the consumer discretionary, financials and real estate sectors. As always, the strategy continues to emphasise investment in quality dividend paying companies with consideration toward balancing capital appreciation and current income over time.

TONY DESPIRITO, FRANCO TAPIA AND DAVID ZHAO
BLACKROCK INVESTMENT MANAGEMENT LLC
13 December 2017

Performance

Ten largest investments as at 31 October 2017

JPMorgan Chase: **4.1%** (2016: 3.5%) is a U.S. based diversified financial company. JPMorgan's capital base is one of the strongest in the banks industry and it provides a measure of safety and financial flexibility. Overall, JPMorgan is a well-managed, quality global franchise with above average organic growth and returns relative to industry peers.

Bank of America: **4.0%** (2016: 3.4%) is one of the largest financial institutions in the U.S. with lending operations in the consumer, small-business and corporate markets, in addition to asset management and investment banking divisions. Bank of America has delivered consistent results over the last year, with particular strength within their consumer bank division.

Citigroup: **3.9%** (2016: 2.5%) is a U.S. based money center bank with a global footprint. We believe Citigroup is attractively valued on both a price-to-earnings and book value basis, has self-help opportunities within its consumer banking segment and offers the potential for dividend growth.

Pfizer: **3.9%** (2016: 3.4%) is a diversified pharmaceutical firm based in the U.S. In our view, 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.

Oracle: **3.2%** (2016: 1.8%) is a vertically integrated software company that offers both applications and underlying database software. Oracle's database and enterprise markets are sticky in terms of customer retention, which we like. Further, we are positive on Oracle's ability to successfully convert customers from an on premise licencing model (i.e. customers pay for an upfront licence and ongoing maintenance) to a higher margin, cloud based subscription model (i.e. delivery of software and services over the internet).

Wells Fargo: **3.0%** (2016: 2.7%) is a U.S. bank which operates in three segments including community banking, wholesale banking and wealth & investment management. Wells Fargo has a strong deposit franchise and we are encouraged by the company's history of strong investment returns and prudent credit risk management. In our view, shares of the company are underappreciated today in an environment characterised by low credit losses and ample access to liquidity.

Anthem: **2.6%** (2016: 1.5%) is one of the largest health maintenance organisations in the U.S. with offerings in the commercial (large and small employer), Medicare, Medicaid and individual markets. We believe Anthem has an undervalued competitive position given their overall scale and investment in technology. These structural advantages have the potential to drive down costs and improve the company's profitability.

DowDuPont: **2.4%** (2016: Du Pont: 1.5% and Dow Chemical: 1.3%) was officially formed on 31 August 2017 after the merger between E.I. du Pont de Nemours & Company and The Dow Chemical Company was finalised. The combined company is more vertically integrated and it is one of the largest chemical producers in the world. We are encouraged by the potential synergies and productivity improvements at the combined company and believe this merger has the potential to drive additional profit growth for the company going forward.

Microsoft: **2.2%** (2016: 2.4%) is a global technology leader that is engaged in developing and licencing 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. We are bullish on the stock given the firm's dominant position in business and enterprise software and the opportunity for greater client engagement and usage by shifting from on premise to a cloud distribution model.

Suncor Energy: **2.0%** (2016: 1.5%) is an integrated energy company focused on developing the Athabasca oil sands basin in Canada. We believe the company has underappreciated oil assets, strong downstream assets and a lower breakeven cost than many of its integrated oil and gas peers.

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 2016. Together, the ten largest investments represent 31.3% of the Company's portfolio (31 October 2016: 27.4%).

Performance

Investments as at 31 October 2017

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
JPMorgan Chase	United States	Financials	Ordinary shares Options	4,708 (28)	4.1
Bank of America	United States	Financials	Ordinary shares Options	4,642 (52)	4.0
Citigroup	United States	Financials	Ordinary shares Options	4,467 (32)	3.9
Pfizer	United States	Health Care	Ordinary shares Options	4,389 (2)	3.9
Oracle	United States	Information Technology	Ordinary shares Options	3,646 (13)	3.2
Wells Fargo	United States	Financials	Ordinary shares Options	3,444 (30)	3.0
Anthem	United States	Health Care	Ordinary shares	2,977	2.6
DowDuPont	United States	Materials	Ordinary shares Options	2,726 (16)	2.4
Microsoft	United States	Information Technology	Ordinary shares Options	2,518 (53)	2.2
Suncor Energy	Canada	Energy	Ordinary shares Options	2,256 (3)	2.0
AstraZeneca	United Kingdom	Health Care	Ordinary shares	2,244	2.0
American International Group	United States	Financials	Ordinary shares	2,231	2.0
Royal Dutch Shell	Netherlands	Energy	Ordinary shares Options	2,197 (10)	1.9
Morgan Stanley	United States	Financials	Ordinary shares Options	2,117 (12)	1.9
Chevron	United States	Energy	Ordinary shares Options	2,052 (3)	1.8
Merck	United States	Health Care	Ordinary shares Options	2,036 *–	1.8
Koninklijke Philips	Netherlands	Industrials	Ordinary shares	1,904	1.7
Northrop Grumman	United States	Industrials	Ordinary shares Options	1,880 (5)	1.6
Total	France	Energy	Ordinary shares Options	1,868 (6)	1.6
MetLife	United States	Financials	Ordinary shares Options	1,858 (5)	1.6
NextEra Energy	United States	Utilities	Ordinary shares Options	1,855 (9)	1.6
Aetna	United States	Health Care	Ordinary shares	1,843	1.6
Comcast	United States	Consumer Discretionary	Ordinary shares Options	1,758 (2)	1.5
Verizon Communications	United States	Telecommunication Services	Ordinary shares Options	1,748 (3)	1.5
US Bancorp	United States	Financials	Ordinary shares Options	1,712 (6)	1.5
Honeywell International	United States	Industrials	Ordinary shares Options	1,607 (1)	1.4

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Diageo	United Kingdom	Consumer Staples	Ordinary shares Options	1,552 (6)	1.4
Goldman Sachs	United States	Financials	Ordinary shares Options	1,536 (5)	1.3
Taiwan Semiconductor Manufacturing	United States	Information Technology	Ordinary shares Options	1,489 (66)	1.3
First Energy	United States	Utilities	Ordinary shares Options	1,376 (6)	1.2
PG&E	United States	Utilities	Ordinary shares Options	1,314 *–	1.2
Public Service Enterprise	United States	Utilities	Ordinary shares Options	1,313 (1)	1.2
Lockheed Martin	United States	Industrials	Ordinary shares Options	1,300 (2)	1.1
Medtronic	Ireland	Health Care	Ordinary shares Options	1,273 (1)	1.1
SunTrust Banks	United States	Financials	Ordinary shares Options	1,195 (11)	1.0
Qualcomm	United States	Information Technology	Ordinary shares Options	1,145 (4)	1.0
Samsung Electronics	United States	Information Technology	Ordinary shares	1,133	1.0
Travelers Companies	United States	Financials	Ordinary shares Options	1,139 (14)	1.0
UnitedHealth Group	United States	Health Care	Ordinary shares Options	1,118 (10)	1.0
Hess	United States	Energy	Ordinary shares Options	1,104 (4)	1.0
Procter & Gamble	United States	Consumer Staples	Ordinary shares Options	1,069 *–	0.9
General Electric	United States	Industrials	Ordinary shares Options	1,045 (1)	0.9
Unilever	Netherlands	Consumer Staples	Ordinary shares Options	1,008 *–	0.9
Novo–Nordisk	Denmark	Health Care	Ordinary shares Options	904 (1)	0.8
Marsh & McLennan	United States	Financials	Ordinary shares Options	903 (3)	0.8
Motorola Solutions	United States	Information Technology	Ordinary shares Options	904 (4)	0.8
3M	United States	Industrials	Ordinary shares Options	912 (15)	0.8
Marathon Oil	United States	Energy	Ordinary shares Options	855 (6)	0.7
Mckesson	United States	Health Care	Ordinary shares Options	824 *–	0.7
Kroger	United States	Consumer Staples	Ordinary shares Options	789 (1)	0.7

Performance

Investments as at 31 October 2017 continued

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Publicis	France	Consumer Discretionary	Ordinary shares Options	780 (1)	0.7
Marathon Petroleum	United States	Energy	Ordinary shares Options	767 (3)	0.7
Humana	United States	Health Care	Ordinary shares Options	760 (5)	0.7
Dr Pepper Snapple	United States	Consumer Staples	Ordinary shares Options	748 (1)	0.7
Nielsen	United States	Industrials	Ordinary shares Options	706 *–	0.6
Exelon	United States	Utilities	Ordinary shares Options	665 (2)	0.6
Quest Diagnostics	United States	Health Care	Ordinary shares Options	660 (5)	0.6
SK Telecom	South Korea	Telecommunication Services	Ordinary shares Options	646 (6)	0.6
Keycorp	United States	Financials	Ordinary shares Options	641 (1)	0.6
Union Pacific	United States	Industrials	Ordinary shares Options	625 (1)	0.5
CRH	Ireland	Materials	Ordinary shares Options	624 (1)	0.5
Johnson & Johnson	United States	Health Care	Ordinary shares Options	620 (8)	0.5
Experian	Ireland	Industrials	Ordinary shares Options	601 (2)	0.5
Schwab (Charles)	United States	Financials	Ordinary shares Options	591 (1)	0.5
Lowe's Companies	United States	Consumer Discretionary	Ordinary shares Options	590 (2)	0.5
Invesco	United States	Financials	Ordinary shares Options	568 (3)	0.5
Dollar General	United States	Consumer Discretionary	Ordinary shares Options	557 (2)	0.5
Constellation Software	Canada	Information Technology	Ordinary shares Options	559 (7)	0.5
International Paper	United States	Materials	Ordinary shares Options	541 (3)	0.5
Mattel	United States	Consumer Discretionary	Ordinary shares Options	530 (2)	0.5
Pentair	United Kingdom	Industrials	Ordinary shares Options	516 (1)	0.5
Kellogg Co	United States	Consumer Staples	Ordinary shares Options	494 (1)	0.4
Smith & Nephew	United Kingdom	Health Care	Ordinary shares Options	492 (5)	0.4
Occidental Petroleum	United States	Energy	Ordinary shares	487	0.4
Altria Group	United States	Consumer Staples	Ordinary shares Options	457 (1)	0.4

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Lenovo	China	Information Technology	Ordinary shares Options	457 (5)	0.4
Pioneer Natural Resources	United States	Energy	Ordinary shares Options	451 (3)	0.4
Prudential Financial	United States	Financials	Ordinary shares Options	445 (1)	0.4
Halliburton	United States	Energy	Ordinary shares Options	444 *–	0.4
Enbridge	Canada	Energy	Ordinary shares Options	444 *–	0.4
United Parcel Service	United States	Industrials	Ordinary shares Options	443 (1)	0.4
Philip Morris International	United States	Consumer Staples	Ordinary shares Options	432 *–	0.4
CDW	United States	Information Technology	Ordinary shares Options	391 (2)	0.3
Praxair	United States	Materials	Ordinary shares Options	352 (3)	0.3
BCE	Canada	Telecommunication Services	Ordinary shares Options	340 *–	0.3
General Mills	United States	Consumer Staples	Ordinary shares Options	331 *–	0.3
Cardinal Health	United States	Health Care	Ordinary shares Options	194 (1)	0.2
Brighthouse Financial	United States	Financials	Ordinary shares Options	166 *–	0.1
Equifax	United States	Industrials	Ordinary shares	151	0.1
Becton Dickinson	United States	Health Care	Ordinary shares	85	0.1
Portfolio				**113,702**	**100.0**

* Market value less than £1,000.

All investments are in ordinary shares unless otherwise stated. The number of holdings as at 31 October 2017 was 90 (31 October 2016: 89). The total number of individual open options as at 31 October 2017 was 175 (31 October 2016: 186).

The negative valuation of £532,000 in respect of options held represents the notional cost of repurchasing the contracts at market prices as at 31 October 2017 (31 October 2016: £311,000).

At 31 October 2017, 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: Christopher Casey, Andrew Irvine, Alice Ryder

Chairman: Christopher Casey

Key objectives:
- To oversee financial reporting;
- To consider the adequacy of the control environment and review the Company's risk register;
- To review and form an opinion on the effectiveness of the external audit process;
- To review the performance of the Manager; and
- To review other service providers.

Nomination Committee

1 scheduled meeting per annum

Membership: Christopher Casey, Andrew Irvine, Alice Ryder

Chairman: Andrew Irvine

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

Christopher Casey (FCA)

Audit and Management Engagement Committee Chairman,
Appointed 7 September 2012

was previously a partner of KPMG LLP and its predecessor firms from 1992, having joined Peat Marwick & Mitchell in 1977. He is also a director of TR European Growth Trust PLC, Eddie Stobart Logistics Plc and City Natural Resources High Yield Trust plc.

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

Andrew Irvine

Nomination Committee Chairman,
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. He is past chairman of Celtic Rugby and the British and Irish Lions Limited and a past president of the Scottish Rugby Union. He was previously a director of Securities Trust of Scotland PLC.

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 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 is also a director of JPMorgan Smaller Companies Investment Trust plc.

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 2017.

STATUS OF THE COMPANY

The Company is registered as a public limited company under the Companies Act 2006, and is an investment company under section 833 of the Companies Act 2006 and operates as such. The Company has been approved by HM Revenue & Customs (HMRC) as an investment trust in accordance with sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility 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.

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 and in the AIFMD Disclosures on page 72 and in the notes to the financial statements on pages 56 to 66.

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

FACILITATING RETAIL INVESTMENTS

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

THE COMMON REPORTING STANDARD

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

The legislation requires investment trust companies to provide personal information to HMRC about investors who purchase shares in investment trusts. The Company has to provide information annually to the local tax authority on the tax residencies of a number of non-UK based 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.

DIVIDENDS

Details of dividends paid and payable in respect of the year are set out in the Strategic Report on page 7.

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. Under the agreement, the Board continues to be independent from the AIFM. The agreement provides the appropriate balance between the Board's control over the Company, its investment policies and compliance with regulatory obligations.

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. The Manager receives an investment management fee which is calculated based on 0.75% of net assets per annum. 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 51.

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.

Governance

Directors' report continued

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 (£116.7 million as at 31 December 2016) and this contribution is matched by BIM (UK). Total fees paid or payable for the year ended 31 October 2017 amounted to £29,000 (excluding VAT) (2016: £35,000). 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.

In line with the Company's objective, the Board places most 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 the U.S. $21.4 billion Representative Account.

Additionally, the Board has noted that the Investment Manager continues the process of evolving and enhancing the Equity Dividend platform which commenced three years ago. During this time, the Equity Dividend team has invested in both people and processes and is expected to do so moving forward. In addition to the appointment of Tony DeSpirito as co-manager of the portfolio three years ago, the team has added two co-directors of research, Franco Tapia and David Zhao, who also became co-managers of the Company with effect from 1 September 2017, and four additional research analysts. Over the last three years, the team 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 by the Board on 5 October 2017.

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

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. The Depositary receives a fee payable at 0.0115% of the net assets of the Company. The Company has appointed the Depositary by a Deed of Novation and Amendment Agreement to which BFM as AIFM is also a signatory. The Depositary is 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 original 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. BlackRock's approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BlackRock believes that sound corporate governance practices by companies contribute to their long term financial performance and thus to better risk-adjusted returns. BlackRock's proxy voting process is led by 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 BlackRock's portfolio managers, researchers and other internal and external resources globally.

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

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

During the year under review, the Investment Manager voted on 1,512 proposals at 96 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well run companies, but voted against 160 management resolutions. Most of the votes against were in respect of resolutions relating to directors' remuneration, or to elect or remove directors, to approve the issuance of equity, and health, safety and environmental concerns which were deemed by the Investment Manager as not being in the best interests of shareholders.

PRINCIPAL RISKS

The key risks faced by the Company are set out in the Strategic Report on pages 8 and 9.

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 9 and 10. The Company is able to meet all of its liabilities from its assets and income generated from these assets and the ongoing charges are 1.07% of net assets.

DIRECTORS

The Directors of the Company as at 31 October 2017 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 29. 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.

Simon Miller and Christopher Casey 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 these Directors as part of the evaluation process and believes it would be in the Company's best interests for them to be proposed for re-election at the forthcoming Annual General Meeting, given their material level of contribution and commitment to the role. The Board accordingly recommends their 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

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

Governance

Directors' report continued

CONFLICTS OF INTEREST

The Board has put in place a framework in order for Directors to report conflicts of interest or potential conflicts of interest which it believes has worked effectively during the year. All Directors notified 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 27 to 29. An ordinary resolution to approve this report will be put to shareholders at the Company's forthcoming Annual General Meeting.

NOTIFIABLE INTEREST IN THE COMPANY'S VOTING RIGHTS

As at 31 October 2017, 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	12,666,190	18.4
Brewin Dolphin Limited	11,244,317	16.3
Charles Stanley Group PLC	3,927,777	5.7

As at 5 December 2017, 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	12,711,470	18.5
Brewin Dolphin Limited	11,244,317	16.3
Charles Stanley Group PLC	4,164,752	6.1

SHARE CAPITAL

Full details of the Company's issued share capital are given in note 12 to the Financial Statements on page 56. Details of the voting rights in the Company's shares as at the date of this report are also given in note 16 to the Notice of Annual General Meeting on page 77. 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 75,000 ordinary shares, which represented 0.11% of the Company's ordinary shares in issue at the start of the year (excluding treasury shares), at an average price of 157.50p and at an average discount to NAV of 5.5%. The latest authority to repurchase shares was granted to Directors on 21 February 2017 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 2017 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 31,487,261 ordinary shares in treasury (31.3% of the Company's issued share capital).

GLOBAL GREENHOUSE GAS EMISSIONS FOR THE PERIOD 1 NOVEMBER 2016 TO 31 OCTOBER 2017

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.

The business of this year's Annual General Meeting consists of 10 resolutions. Resolutions 1 to 7 are proposed as ordinary resolutions and 8 to 10 are being proposed as special resolutions.

Resolution 1 – Approval of the Annual Report and Financial Statements

This resolution seeks shareholder approval of the Annual Report and Financial Statements for the year ended 31 October 2017 and the auditors' report thereon.

Resolution 2 – Approval of the Directors' Remuneration Report

This resolution is an advisory vote on the Directors' Remuneration Report.

Resolution 3 – Approval of dividends

Resolution 3 seeks shareholder approval of the Company's dividend policy to continue to pay four quarterly dividends, which in the year under review have totalled 4.95p per share.

Resolutions 4 and 5 – Re-election of Directors

Resolutions 4 and 5 relate to the re-election of Directors who are retiring by rotation in accordance with the Company's Articles of Association. The Board has undertaken a formal performance evaluation during the year and confirms that the performance of the Directors standing for re-election continues to be effective and that each Director demonstrates commitment to their role.

Resolutions 6 and 7 – Re-appointment of the external auditors and auditors' remuneration

These resolutions relate to the re-appointment and remuneration of the Company's auditors. The Company, through its Audit and Management Engagement Committee, has considered the independence and objectivity of the external auditors and is satisfied that the auditors remain independent. Further information in relation to the assessment of the auditors' independence can be found on page 36.

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

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 £68,874 which is equivalent to 6,887,404 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 2019, 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 £68,874 which is equivalent to 6,887,404 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 2019.

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 10,324,219 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 6 March 2018). This authority will expire at the conclusion of the next Annual General Meeting of the Company in 2019, 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.

CORPORATE GOVERNANCE

Full details are given in the Corporate Governance Statement on pages 30 to 33. 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.

Governance

Directors' report continued

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 13 December 2017.

BY ORDER OF THE BOARD

CAROLINE DRISCOLL
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
13 December 2017

Governance

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 31 October 2017 which has been prepared in accordance with sections 420-422 of the Companies Act 2006. The remuneration policy, which is subject to a triennial binding vote, is set out in the policy table on page 28.

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 39 to 43.

STATEMENT BY THE CHAIRMAN

The Board's policy on remuneration is set out in the policy table on page 28. 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. No advice or services were provided by any external agencies or third parties.

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.

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

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.

CONSIDERATION OF SHAREHOLDERS' VIEWS

An ordinary resolution to approve the Remuneration Report is put to members at each Annual General Meeting and shareholders have the opportunity to express their views and raise any queries in respect of the remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy.

In accordance with the Companies Act 2006, the Company has obtained shareholder approval of its remuneration policy as set out in the policy table on page 28. The policy is only subject to shareholder approval on a triennial basis, and it is the intention of the Board that the above policy on remuneration will continue to apply for all financial years of the Company up to 31 October 2019.

At the Company's previous Annual General Meeting held on 21 February 2017, 99.99% 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 2016 and 0.01% were against; and 99.99% of the votes cast were in favour and 0.01% were against the resolution to approve the remuneration policy.

Governance

Directors' remuneration report continued

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.
Operation	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.
Operation	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 years ended 31 October 2017 and 31 October 2016.

	Year ended 31 October 2017			Year ended 31 October 2016		
Directors	Fees £	Taxable benefits[1] £	Total £	Fees £	Taxable benefits[1] £	Total £
Simon Miller (Chairman)	36,000	4,144	40,144	30,000	4,495	34,495
Christopher Casey[2]	30,000	–	30,000	25,000	–	25,000
Andrew Irvine	25,000	2,469	27,469	21,000	3,176	24,176
Alice Ryder	25,000	–	25,000	21,000	–	21,000
Total	116,000	6,613	122,613	97,000	7,671	104,671

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 2017 fees of £10,000 (2016: £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 2017 (2016: nil).

RELATIVE IMPORTANCE OF SPEND ON REMUNERATION

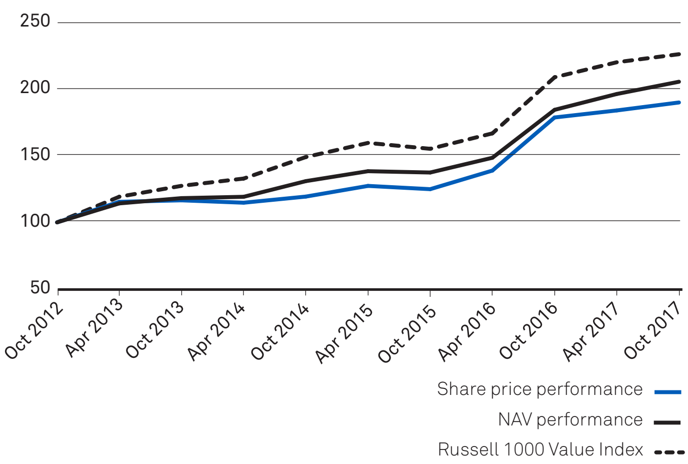
As the Company has no employees, the table on page 28 comprises the total remuneration costs and benefits paid by the Company. To enable shareholders to assess the relative importance of spend on pay, this has been shown in the table below compared with the Company's dividend distributions and share buy backs. As the Company has no employees, no consideration is required to be given to employment conditions elsewhere in setting Directors' pay.

	2017 £	2016 £	Change £
Directors' total remuneration	122,613	104,671	+17,492
Dividends paid and payable	3,412,000	3,291,000	+121,000
Buy back of ordinary shares	119,000	12,927,000	-12,808,000

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 SINCE LAUNCH TO 31 OCTOBER 2017



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 2017 Ordinary shares	31 October 2016 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
13 December 2017

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 April 2016. 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 July 2016, 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

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

Board structure and management

Details of the Board's structure, roles and responsibilities and management are set out in the summary of Governance Structure and Directors' Biographies, on page 20. The Directors' biographies 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.

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

Board independence and tenure

The Board regularly reviews the independence of its members and considers all Directors to be independent and there are no relationships or circumstances which are likely to affect the judgement of any Director. None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company and will be available at the Annual General Meeting.

Diversity

The Board's policy on diversity, including gender, is to take this into account during the recruitment and appointment process.

However, the Board is committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity and therefore no targets have been set against which to report.

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 Directors retiring to be proposed for re-election at the forthcoming Annual General Meeting given their material level of contribution and commitment to the Company.

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' induction, training and development

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' training and development needs are reviewed by the Chairman on an annual basis.

Directors' liability insurance

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

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 2017 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 BlackRock Fund Managers Limited (BFM), as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK) or 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

Governance

Corporate governance statement continued

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 The Bank of New (International) Limited. The address at which this business is conducted is given on page 71.

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 three of the Directors, is chaired by Andrew Irvine. 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 three of the Directors of the Company and is chaired by Christopher Casey. Further details are given in the Report of the Audit and Management Engagement Committee on pages 34 to 37.

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 27 to 29. 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, through the Audit and Management Engagement Committee, 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 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

The Company's risk register sets out the risks relevant to the Company and describes, where relevant, the internal controls that are in place at the AIFM, the Investment Manager and other third party service providers to mitigate these risks. The 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 the results of testing performed in relation to BlackRock's internal control processes. The Depositary also reviews the control processes in place at the custodian, the fund accountant and the AIFM, and reports formally to the Committee twice yearly. Both the AIFM and the Depositary will escalate issues and report to the Committee outside of these meetings on an ad hoc basis to the extent this is required. The Committee also receives annual and quarterly internal control reports respectively from BlackRock and BNYM 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 38, the Independent Auditors' Report on pages 39 to 43 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 a Tier 1 signatory to the UK Stewardship Code, which among other things, sets out the responsibilities of institutional shareholders in respect of investee companies. The Manager's compliance with the UK Stewardship Code is publicly available on the BlackRock website: https://www.blackrock.com/corporate/en-us/literature/fact-sheet/blk-responsible-investment-statementoncompliance-uk-stewardshipcode.pdf. The Manager's approach to Responsible Investment is detailed on the website at https://www.blackrock.com/corporate/en-us/literature/fact-sheet/blk-responsible-investment-guidelines-emea.pdf.

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. In accordance with provision E.2.2 of the UK Code, when, in the opinion of the Board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board will explain, when announcing the results of voting, what actions it intends to take to understand the reasons behind the vote result.

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 71.

There is a section within this report entitled 'Additional Information – Shareholder Information', on pages 67 to 69, 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 26 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
13 December 2017

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 2017.

COMPOSITION

Christopher Casey, Andrew Irvine and Alice Ryder 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.

PERFORMANCE EVALUATION

Details of the evaluation of the Audit and Management Engagement Committee are set out in the Corporate Governance Statement on page 31.

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 auditors;
- reviewing and approving the audit and non-audit fees payable to the external auditors and the terms of their engagement;
- reviewing and approving the external auditors' 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 auditors;
- 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 auditors.

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 52. An explanation of how auditor objectivity and independence is safeguarded is reported under 'Assessment of the effectiveness of the external audit process' on page 36.

WHISTLEBLOWING POLICY

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.

NON-AUDIT SERVICES

The Company's policy on non-audit services is set out in full in the Committee's terms of reference which are available on the Company's website at blackrock.co.uk/brna. In the years to 31 October 2017 and 2016, the auditors did not provide any non-audit services to 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 BNYM, the Committee has also reviewed the internal control reports prepared by BlackRock and BNYM to ensure that the relevant control procedures are in place to cover these areas of risk as identified 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 at each of its Board meetings 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 Board also relies on the Manager's and fund accountant's controls which are documented in their internal controls report which is reviewed by the Committee.
The risk of misappropriation of assets and unsecured ownership of investments	The Depositary is responsible for financial restitution for loss of financial investments held in custody. The Depositary reports to the Committee on a twice yearly basis. The Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported by the Manager to the Committee. The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
The accuracy of the calculation of management fees	The management fee is calculated in accordance with the contractual terms in the investment management agreement by the fund accountants and is reviewed in detail by the Manager and is also subject to an analytical review by the Board. The audit also includes checks on the calculation of the management fee to ensure that it is correctly calculated.
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.

Governance

Report of the Audit and Management Engagement Committee continued

AUDITORS AND AUDIT TENURE

The Committee reviews the performance of the auditors on an annual basis, taking into consideration the services and advice provided to the Company and the fees charged for these services. The Committee appointed the Company's current auditors, PricewaterhouseCoopers LLP, on 1 October 2014 following the result of a tender process. Ms Sally Cosgrove has been the Company's audit partner since 1 October 2014.

The Committee is committed to reviewing the auditors' appointment each year to ensure that the Company is receiving an optimal level of service. In addition, even if no change is made to the audit firm appointed, the audit partner changes at least every five years.

There are no contractual obligations that restrict the Company's choice of auditors. 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.

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 38 in respect of the Annual Report and Financial Statements.

CHRISTOPHER CASEY
Chairman
Audit and Management Engagement Committee
13 December 2017

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 2016 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 34 to 37. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 31 October 2017, 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
13 December 2017

Financial statements

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

OPINION

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

- give a true and fair view of the state of the Company's affairs as at 31 October 2017 and of its net profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the Annual Report), which comprise: the Statement of Financial Position as at 31 October 2017; the Statement of Comprehensive Income; the Cash Flow Statement; the Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Management Engagement Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1 November 2016 to 31 October 2017.

OUR AUDIT APPROACH

Overview

Materiality	Overall materiality: £1.2 million (2016: £1.1 million), based on 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 The Bank of New York Mellon (International) Limited (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. We obtained an understanding of the control environment in place at both the Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the Administrator.
Key audit matters	Valuation and existence of investments. Accuracy, occurrence and completeness of investment income.

The scope of our audit

As part of designing our audit, we determined materiality and assessed 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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

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

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments *Refer to page 35 (Report of the Audit and Management Engagement Committee), page 50 (Accounting Policies) and page 55 (Notes to the Financial Statements).* The investment portfolio at the year-end comprised listed equity investments valued at £114m. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.	We tested the valuation of the listed equity investments 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 investment portfolio by agreeing investment holdings to an independent custodian confirmation. No differences were identified which required reporting to those charged with governance.
Accuracy, occurrence and completeness of investment income *Refer to page 35 (Report of the Audit and Management Engagement Committee), page 49 (Accounting Policies) and page 51 (Notes to the Financial Statements).* Investment income comprised dividend income and option premium income. We focused on the accuracy, completeness and occurrence of investment income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover. We also focused on the accounting policy for investment income recognition and the presentation of investment income in the Statement of Comprehensive Income for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the AIC SORP), as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that dividend and option 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 dividend and option income has been accounted for in accordance with the stated accounting policy. Dividend income We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No misstatements were identified which required reporting to those charged with governance. To test for completeness, we tested that for investment holdings in the portfolio, all dividends recorded in the year had been declared in the market, and that all dividends declared in the market by investment holdings had been recorded. Our testing did not identify any incorrectly recorded or omitted dividends. We tested occurrence by tracing a sample of dividends received to bank statements. Our testing did not identify any misstatements which required reporting to those charged with governance. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any misstatements which required reporting to those charged with governance. Option premium income We tested option premium income by agreeing a sample of premium income recorded to broker margin cash account statements. Our procedures did not identify any misstatements which required reporting to those charged with governance. To test for completeness, we selected a sample of the options held at year end and tested that the appropriate premiums had been accrued for at year end. Our testing did not identify any incorrectly recorded or omitted option premium income.

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 structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting is delegated to the Administrator who maintains the Company's accounting records and who has implemented controls over those accounting records.

We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant control reports issued by the independent service auditor of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. 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 in aggregate, 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	£1.2 million (2016: £1.1 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We agreed with the Audit and Management Engagement Committee that we would report to them misstatements identified during our audit above £59,000 (2016: £54,740) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 October 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (*CA06*)

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (*CA06*)

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

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on pages 7 and 8 of 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.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on pages 9 and 10 of 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 to report having performed a review of the Directors' statement that they have carried out a robust

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

assessment of the principal risks facing the Company and statement in relation to the longer term viability of the Company. 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 UK Corporate Governance Code (the Code); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. (*Listing Rules*)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 37, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.

- The section of the Annual Report on pages 34 and 35 describing the work of the Audit and Management Engagement Committee does not appropriately address matters communicated by us to the Audit and Management Engagement Committee.

- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (*CA06*)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' Responsibilities set out on page 38, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

- certain disclosures of directors' remuneration specified by law are not made; 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.

APPOINTMENT

Following the recommendation of the Audit and Management Engagement Committee, we were appointed on 1 October 2014 to audit the financial statements for the year ended 31 October 2014 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 October 2014 to 31 October 2017.

Sally Cosgrove (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 December 2017

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Statement of comprehensive income for the year ended 31 October 2017

	Notes	Revenue 2017 £'000	Revenue 2016 £'000	Capital 2017 £'000	Capital 2016 £'000	Total 2017 £'000	Total 2016 £'000
Income from investments held at fair value through profit or loss	3	3,017	2,772	–	–	3,017	2,772
Other income	3	1,990	2,144	–	–	1,990	2,144
Total revenue		5,007	4,916	–	–	5,007	4,916
Net profit on investments and options held at fair value through profit or loss	9	–	–	9,664	24,078	9,664	24,078
Net (loss)/profit on foreign exchange		–	–	(541)	378	(541)	378
Total		5,007	4,916	9,123	24,456	14,130	29,372
Expenses							
Investment management fees	4	(217)	(187)	(651)	(560)	(868)	(747)
Other operating expenses	5	(378)	(267)	(16)	(37)	(394)	(304)
Total operating expenses		(595)	(454)	(667)	(597)	(1,262)	(1,051)
Net profit on ordinary activities before taxation		4,412	4,462	8,456	23,859	12,868	28,321
Taxation	6	(681)	(732)	126	112	(555)	(620)
Profit for the year		3,731	3,730	8,582	23,971	12,313	27,701
Earnings per ordinary share (pence)	8	5.41	5.17	12.46	33.20	17.87	38.37

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 holders of the Company.

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 48 to 66 form part of these financial statements.

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Statement of changes in equity for the year ended 31 October 2017

	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 2017								
At 31 October 2016		1,004	36,774	1,460	25,029	43,161	2,051	109,479
Total Comprehensive Income:								
Net profit for the year		–	–	–	–	8,582	3,731	12,313
Transactions with owners, recorded directly to equity:								
Ordinary shares purchased into treasury	12 & 13	–	–	–	(118)	–	–	(118)
Share purchase costs	12 & 13	–	–	–	(1)	–	–	(1)
Dividends paid*	7	–	–	–	–	–	(3,378)	(3,378)
At 31 October 2017		1,004	36,774	1,460	24,910	51,743	2,404	118,295
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:								
Ordinary shares purchased into treasury		–	–	–	(12,922)	–	–	(12,922)
Share purchase costs		–	–	–	(65)	–	–	(65)
Share purchase costs written back		–	–	–	60	–	–	60
Dividends paid**	7	–	–	–	–	–	(3,341)	(3,341)
At 31 October 2016		1,004	36,774	1,460	25,029	43,161	2,051	109,479

* 4th interim dividend of 1.20p per share for the year ended 31 October 2016, declared on 3 November 2016 and paid on 5 January 2017; 1st interim dividend of 1.20p per share for the year ended 31 October 2017, declared on 21 February 2017 and paid on 4 April 2017; 2nd interim dividend of 1.25p per share for the year ended 31 October 2017, declared on 3 May 2017 and paid on 30 June 2017; and 3rd interim dividend of 1.25p per share for the year ended 31 October 2017, declared on 8 August 2017 and paid on 6 October 2017.

** 4th interim dividend of 1.10p per share for the year ended 31 October 2015, declared on 4 November 2015 and paid on 5 January 2016; 1st interim dividend of 1.10p per share for the year ended 31 October 2016, declared on 18 February 2016 and paid on 4 April 2016; 2nd interim dividend of 1.20p per share for the year ended 31 October 2016, declared on 4 May 2016 and paid on 1 July 2016; and 3rd interim dividend of 1.20p per share for the year ended 31 October 2016, declared on 3 August 2016 and paid on 7 October 2016.

The notes on pages 48 to 66 form part of these financial statements.

Financial statements

Statement of financial position as at 31 October 2017

	Notes	31 October 2017 £'000	31 October 2016 £'000
Non current assets			
Investments held at fair value through profit or loss	9	114,234	105,726
Current assets			
Other receivables	10	466	154
Cash collateral held with brokers		–	125
Cash and cash equivalents		7,509	4,686
		7,975	4,965
Total assets		122,209	110,691
Current liabilities			
Other payables	11	(3,382)	(901)
Derivative financial liabilities held at fair value through profit or loss	9	(532)	(311)
		(3,914)	(1,212)
Net assets		118,295	109,479
Equity attributable to equity holders			
Called up share capital	12	1,004	1,004
Share premium account	13	36,774	36,774
Capital redemption reserve	13	1,460	1,460
Special reserve	13	24,910	25,029
Capital reserves	13	51,743	43,161
Revenue reserve	13	2,404	2,051
Total equity		118,295	109,479
Net asset value per ordinary share (pence)	8	171.76	158.78

The financial statements on pages 44 to 66 were approved and authorised for issue by the Board of Directors on 13 December 2017 and signed on its behalf by Simon Miller, Chairman.

BlackRock North American Income Trust plc

Registered in England, No. 8196493

The notes on pages 48 to 66 form part of these financial statements.

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Cash flow statement for the year ended 31 October 2017

	31 October 2017	31 October 2016
	£'000	£'000
Operating activities		
Net profit on ordinary activities before taxation	12,868	28,321
Net profit on investments and options held at fair value through profit or loss (including transaction costs)	(9,664)	(24,078)
Net loss/(profit) on foreign exchange	541	(378)
Sales of investments held at fair value through profit or loss	95,600	78,286
Purchases of investments held at fair value through profit or loss	(94,223)	(64,305)
Decrease/(increase) in other receivables	34	(4)
Increase/(decrease) in other payables	338	(21)
(Increase)/decrease in amounts due from brokers	(356)	2,619
Increase/(decrease) in amounts due to brokers	2,125	(1,017)
Net movement in cash collateral held with brokers	125	(125)
Net cash inflow from operating activities before taxation	7,388	19,298
Taxation on investment income included within gross income	(532)	(689)
Net cash inflow from operating activities	6,856	18,609
Financing activities		
Ordinary shares purchased into treasury	(118)	(12,922)
Share issue and share purchase costs paid	(1)	(101)
Share issue costs rebate received	5	60
Dividends paid	(3,378)	(3,341)
Net cash outflow from financing activities	(3,492)	(16,304)
Increase in cash and cash equivalents	3,364	2,305
Effect of foreign exchange rate changes	(541)	378
Change in cash and cash equivalents	2,823	2,683
Cash and cash equivalents at start of year	4,686	2,003
Cash and cash equivalents at end of year	7,509	4,686
Comprised of:		
Cash at bank	7,509	4,686
	7,509	4,686

The notes on pages 48 to 66 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. The Company was incorporated on 30 August 2012, and this is the fifth Annual Report.

2. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. All of the Company's operations are of a continuing nature.

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts issued by the Association of Investment Companies (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.

Substantially all of the assets of the Company consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Consequently, the Directors have determined that it is appropriate for the financial statements to be prepared on a going concern basis.

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

A number of new standards, amendments to standards and interpretations that became effective during the year, had no significant impact on the amounts reported in these financial statements but may impact accounting for future transactions and arrangements.

At the date of authorising these financial statements the following standards and interpretations which had not been applied in these financial statements were in issue but not yet effective.

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 standard is effective from 1 January 2018 with earlier application permitted. The Company does not plan to early adopt this standard. The standard is not expected to have any impact on the Company as all its investments are held at fair value through profit or loss.

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 Cash Flow Statement within the financial statements of the Company as the Company does not have any debt.

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 have a material impact.

(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.

(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 year end are treated as revenue for the year. 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.

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.

Deposit interest receivable is accounted for on an accruals basis.

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

(e) Expenses

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

- expenses which are incidental to the acquisition or sale of an investment are charged to the capital column of the Statement of Comprehensive Income. Details of transaction costs on the purchases and sales of investments are disclosed within note 9 to the financial statements on page 55;
- expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated;
- the investment management fee and finance costs 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. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the balance sheet date.

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.

Financial statements

Notes to the financial statements continued

2. ACCOUNTING POLICIES continued

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

The Company's investments are designated upon initial recognition 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.

All investments are measured initially and subsequently at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. The sale 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 equity investments is based on their quoted bid price 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 'Net profits or losses on investments held at fair value through profit of loss'. Also included within the heading are transaction costs in relation to the purchase or sale of investments.

(h) 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.

(i) 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.

(j) Dividends payable

Under IFRS, final dividends should not be accrued in the financial statements unless they have been approved by shareholders before the financial reporting date. Interim dividends should not be accrued in the financial statements unless they have been paid.

Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity.

(k) 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 and non monetary assets held at fair value 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. For investment transactions and investments held at the year end, denominated in a foreign currency, the resulting gains or losses are included in the profit/(loss) on investments held at fair value through profit or loss in the Statement of Comprehensive Income.

(l) 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.

(m) 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.

3. INCOME

	2017 £'000	2016 £'000
Investment income:		
UK listed dividends	143	74
Overseas listed dividends	2,849	2,668
Overseas listed special dividends	25	30
	3,017	2,772
Other income:		
Deposit interest	36	1
Option premium income	1,954	2,143
	1,990	2,144
Total income	5,007	4,916

During the year, the Company received premiums totalling £1,947,000 (2016: £2,149,000) for writing covered call options for the purposes of revenue generation. Option premiums of £1,954,000 (2016: £2,143,000) were amortised to income. All derivative transactions were based on constituent stocks in the Russell 1000 Value Index. At 31 October 2017, there were 175 (2016: 186) open positions with an associated liability of £532,000 (2016: £311,000).

Dividends and interest received during the year amounted to £3,032,000 and £36,000 (2016: £2,786,000 and £1,000).

Special dividends of £13,000 have been recognised in capital (2016: nil).

4. INVESTMENT MANAGEMENT FEES

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	217	651	868	187	560	747
Total	217	651	868	187	560	747

The investment management fee is payable in quarterly arrears, calculated at the rate of 0.75% of the Company's net assets (2016: 0.75%).

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5. OTHER OPERATING EXPENSES

	2017 £'000	2016 £'000
Allocated to revenue:		
Custody fee	5	3
Auditors' remuneration:		
– audit services	28	28
Registrar's fee	26	27
Directors' emoluments	123	105
Broker fees	37	40
Depositary fees	13	11
Marketing fees	29	35
Marketing fees prior year adjustment	8	(59)
Other administrative costs	109	77
	378	267
Allocated to capital:		
Custody transaction charges	16	37
	394	304
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, VAT refunded, finance costs and taxation were:	1.07%	1.04%

For the year ended 31 October 2017, expenses of £16,000 (2016: £37,000) were charged to the capital column of the Statement of Comprehensive Income. These relate to transaction costs charged by the custodian on sale and purchase trades.

6. TAXATION

(a) Analysis of charge in year

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax:						
Corporation tax	273	(126)	147	342	(112)	230
Double taxation relief	(2)	–	(2)	(3)	–	(3)
Overseas tax	411	–	411	393	–	393
Prior year adjustment	(1)	–	(1)	–	–	–
Total current tax (note 6(b))	681	(126)	555	732	(112)	620

(b) Factors affecting total tax charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a large company of 19.41% (2016: 20.0%). The differences are explained below:

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net profit on ordinary activities before taxation	4,412	8,456	12,868	4,462	23,859	28,321
Net profit on ordinary activities multiplied by standard rate of corporation tax at 19.41% (2016: 20.0%)	856	1,642	2,498	892	4,772	5,664
Effects of:						
Non taxable UK dividend income	(28)	–	(28)	(15)	–	(15)
Non taxable overseas dividend income	(555)	–	(555)	(535)	–	(535)
Net profit on investments and options held at fair value through profit or loss	–	(1,876)	(1,876)	–	(4,816)	(4,816)
Foreign exchange (profit)/loss	–	105	105	–	(75)	(75)
Overseas tax suffered	411	–	411	393	–	393
Double taxation relief	(2)	–	(2)	(3)	–	(3)
Prior year adjustment	(1)	–	(1)	–	–	–
Disallowable expenses	–	3	3	–	7	7
	(175)	(1,768)	(1,943)	(160)	(4,884)	(5,044)
Current taxation charge for the year (note 6(a))	681	(126)	555	732	(112)	620

The Company's profits for this accounting period are taxed at an effective rate of 19.41% (2016: 20.00%).

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

Dividends paid on equity shares:

	Record date	Payment date	2017 £'000	2016 £'000
4th interim dividend of 1.20p per share paid for the year ended 31 October 2016 (2015: 1.10p)	25 November 2016	5 January 2017	827	877
1st interim dividend of 1.20p per share paid for the year ended 31 October 2017 (2016: 1.10p)	3 March 2017	4 April 2017	828	802
2nd interim dividend of 1.25p per share paid for the year ended 31 October 2017 (2016: 1.20p)	19 May 2017	30 June 2017	862	835
3rd interim dividend of 1.25p per share paid for the year ended 31 October 2017 (2016: 1.20p)	18 August 2017	6 October 2017	861	827
Accounted for in the financial statements			3,378	3,341

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7. DIVIDENDS continued

The total dividends payable in respect of the year ended 31 October 2017 which form the basis of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amounts declared, meet the relevant requirements as set out in this legislation.

Dividends paid or declared on equity shares:	2017 £'000	2016 £'000
1st interim dividend of 1.20p per share paid for the year ended 31 October 2017 (2016: 1.10p)	828	802
2nd interim dividend of 1.25p per share paid for the year ended 31 October 2017 (2016: 1.20p)	862	835
3rd interim dividend of 1.25p per share paid for the year ended 31 October 2017 (2016: 1.20p)	861	827
4th interim dividend of 1.25p per share payable on 5 January 2018 for the year ended 31 October 2017* (2016: 1.20p)	861	827
	3,412	3,291

* Based on 68,874,044 ordinary shares in issue on 24 November 2017.

8. EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

Total revenue and capital return per share and net asset value per share are shown below and have been calculated using the following:

	2017	2016
Net revenue profit attributable to ordinary shareholders (£'000)	3,731	3,730
Net capital profit attributable to ordinary shareholders (£'000)	8,582	23,971
Total profit attributable to ordinary shareholders (£'000)	12,313	27,701
Equity shareholders' funds (£'000)	118,295	109,479
The weighted average number of ordinary shares in issue during the year, on which the earnings per ordinary share was calculated was:	68,920,483	72,193,444
The actual number of ordinary shares in issue at the year end, on which the net asset value per ordinary share was calculated was:	68,874,044	68,949,044
Return per share		
Revenue earnings per share – (pence)	5.41	5.17
Capital earnings per share – (pence)	12.46	33.20
Total earnings per share – (pence)	17.87	38.37
Net asset value per ordinary share – (pence)	171.76	158.78
Ordinary share price – (pence)	160.50	155.75

There were no dilutive securities at the year end.

9. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 £'000	2016 £'000
UK listed equity investments held at fair value through profit or loss	6,414	3,104
Overseas listed equity investments held at fair value through profit or loss	107,820	102,622
Total value of financial asset investments	114,234	105,726
Derivative financial instruments – written option contracts	(532)	(311)
Total value of financial asset investments and derivatives at 31 October	113,702	105,415
Valuation brought forward at 1 November	105,415	95,318
Investment and derivative holding profit at 1 November	(19,660)	(4,350)
Opening cost of equity investments and derivatives	85,755	90,968
Acquisitions at cost	94,223	64,305
Disposal proceeds	(95,600)	(78,286)
Realised profit on sales	16,081	8,768
Cost carried forward at 31 October	100,459	85,755
Investment and derivative holding profit at 31 October	13,243	19,660
Closing valuation of equity investments and derivatives	113,702	105,415

During the year, transaction costs of £82,000 (2016: £63,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £32,000 (2016: £35,000). All transaction costs have been included within the capital reserves.

Profit/(losses) on investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Realised profit on sales	16,081	8,768
Changes in investment and derivative holdings (profit)/loss	(6,417)	15,310
	9,664	24,078

10. OTHER RECEIVABLES

	2017 £'000	2016 £'000
Amounts due from brokers	359	3
Withholding tax recoverable	40	50
Prepayments and accrued income	67	101
	466	154

11. OTHER PAYABLES

	2017 £'000	2016 £'000
Amounts due to brokers	2,199	74
Accruals for expenses and interest payable	1,069	731
Issue costs payable	33	28
Taxation payable	81	68
	3,382	901

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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				
At 31 October 2016	68,949,044	31,412,261	100,361,305	1,004
Purchase of ordinary shares	(75,000)	75,000	–	–
At 31 October 2017	68,874,044	31,487,261	100,361,305	1,004

During the year ended 31 October 2017, the Company purchased 75,000 (2016: 11,090,000) shares for a total consideration of £119,000 (2016: £12,927,000) including costs.

13. 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 2016	36,774	1,460	25,029	23,283	19,878	2,051
Movement during the year:						
Total Comprehensive Income:						
Net capital profit for the year	–	–	–	15,244	(6,662)	–
Net revenue profit for the year	–	–	–	–	–	3,731
Transactions with owners recorded directly to equity:						
Ordinary shares purchased into treasury	–	–	(118)	–	–	–
Share purchase costs	–	–	(1)	–	–	–
Dividends paid	–	–	–	–	–	(3,378)
At 31 October 2017	36,774	1,460	24,910	38,527	13,216	2,404

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 following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM). However, as disclosed in the Corporate Governance Statement on page 32 and in the Statement of Directors' Responsibilities on page 38, it is the ultimate responsibility of the Board to ensure that the Company's risks are appropriately monitored, and to the extent that elements of this are delegated to third party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of the relevant agreements and taking appropriate action to the extent issues are identified.

The Directors of the AIFM review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Company's performance and risk profile 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 is responsible for monitoring investment performance, product risk monitoring and oversight and has the responsibility for the monitoring and oversight of regulatory and operational risk for the Company. The Directors of the AIFM have appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group (RQA) which is a centralised group which performs an independent risk management function. RQA independently identifies, measures and monitors investment risk and tracks the actual risk management practices being deployed across the Company. By breaking down the components of the process, RQA have the ability to determine if the appropriate risk management processes are in place. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The AIFM reports to the Audit and Management Engagement Committee twice yearly on key risk metrics and risk management processes; in addition, the Depositary monitors the performance of the AIFM and reports to the Audit and Management Engagement Committee. Any significant issues are reported to the Board as they arise.

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 one day and a historical observation period of not less than one year (250 days). A VaR number is defined at a specified profitability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period the Company will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk. It is noted that the use of VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR 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 2017 and 31 October 2016 (based on a 99% confidence level) was 1.68% and 1.87%, 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 the 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. Other price risk sensitivity has been covered by the VaR analysis under the market risk section above.

Use of derivatives

The Company may utilise both exchange traded and over-the-counter derivatives, including, but not limited to, options, as part of its investment policy. Options written by the Company provide the purchaser with the opportunity to purchase from or sell the Company 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.

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14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

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.

The Company's exposure to other changes in market prices at 31 October 2017 on its equity investments was £114,234,000 (2016: £105,726,000).

Concentration of exposure to market risks

An analysis of the Company's investment portfolio is shown on pages 16 to 19. At 31 October 2017 this shows that the majority of the portfolio is invested in the United States. Accordingly, there is a concentration of exposure here, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

(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 2017 and 31 October 2016 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.

	2017 US Dollar £'000	2017 Other £'000	2016 US Dollar £'000	2016 Other £'000
Receivables (due from brokers, dividends and other income receivable)	437	7	114	–
Cash and cash equivalents	7,412	–	4,646	–
Payables	(2,199)	–	(74)	–
Total foreign currency exposure on net monetary items	5,650	7	4,686	–
Investments at fair value through profit or loss	93,569	15,861	102,579	1,014
Total net foreign currency exposure	99,219	15,868	107,265	1,014

Management of foreign currency risk

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

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

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 risk 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 movements may affect the level of income receivable from any cash at bank and on deposits. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Company's investments. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

Interest rate exposure

The exposure at 31 October 2017 and 31 October 2016 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.

	2017 Within one year £'000	2016 Within one year £'000
Exposure to floating interest rates:		
Cash and cash equivalents	7,509	4,686
Cash collateral held with brokers	–	125

The Company does not have any fixed rate exposure at 31 October 2017 or 31 October 2016.

Interest rates received on cash balances or paid on bank overdrafts, respectively, is set out in the table below.

2017	Interest received %	Interest paid %
US Dollar	0.737	n/a
Sterling	0.875	2.10

2016	Interest received %	Interest paid %
Sterling	0.00	1.19

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 (RQA). 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 creditworthiness of the financial institutions with whom cash is held is reviewed regularly by the Investment Manager.

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14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

RQA completes a formal review of each 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 2017 (31 October 2016: nil).

The major counterparties engaged with the Company are all widely recognised and regulated entities.

Depositary

The Company's Depositary is The Bank of New York (International) Limited (the Depositary) (Moody's long term credit rating as at 31 October 2017: A1). 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 2017 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.

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 also cause the Company's rights with respect to securities held by the custodian to be delayed or limited.

Counterparties/brokers

The Company only invests directly in markets that operate on a 'delivery versus payment' basis, and consequently most investment transactions in listed securities involve simultaneous delivery of securities against cash payment using an approved broker. The risk of default is considered minimal, and the trade will fail if either party fails to meet its obligation.

For a few markets that the Company invests in from time to time, although they operate on a 'delivery versus payment' basis, there may be a very short time gap between stock delivery and payment, giving potential rise to counterparty credit risk with the broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used for those markets. The Company monitors the credit rating and financial position of the broker used to further mitigate this risk.

Cash held as security by the counterparty to financial derivative contracts is subject to the credit risk of the counterparty. The following table details the total number of counterparties to which the Company is exposed, the maximum exposure to any one counterparty, the collateral held by the Company against this exposure, the total exposure to all other counterparties and the lowest long term credit rating of any one counterparty (or its ultimate parent if unrated).

	Total number of counterparties	Maximum exposure to any one counterparty** £'000	Collateral held** £'000	Total exposure to all other counterparties** £'000	Lowest credit rating of any one counterparty* £'000
2017	7	7,509	–	359	BBB–
2016	2	4,686	–	128	BBB

* Standard & Poors ratings.
** Calculated on a net basis.

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

The Company may also be exposed to counterparty risk should there be any rehypothecation of pledged collateral. Rehypothecation refers to the practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by their clients; clients who permit rehypothecation of their collateral may be compensated either through a lower cost of borrowing or a rebate on fees. 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 derivatives, including, but not limited to, option contracts as part of its investment policy. Options written by the Company provide the purchaser with the opportunity to purchase from or sell the Company 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 2017 and 2016, the Company 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 or stock resources and no call and put option contracts were written to manage price risk, there is no impact on the Company'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 2017 was £19,227,000 (2016: £18,911,000).

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 175 positions as at 31 October 2017 (2016: 186).

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 above and on page 62.

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 collateral pledged by the Company is separately identified as an asset in the Statement of Financial Position and is not included as a component of cash and cash equivalents. Inbound cash collateral received by the Company is reflected as a liability on the Statement of Financial Position as cash collateral payable. The cash is subject to certain counterparty credit risk as the Company's access to its cash could be delayed should the counterparties become insolvent or bankrupt. Collateral 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 Company hasn't pledged cash collateral as security with any counterparty as at 31 October 2017 (31 October 2016: £125,000). The Company has placed stock collateral with counterparties as at 31 October 2017 and 31 October 2016.

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

	Pledged collateral	
	31 October 2017 £'000	31 October 2016 £'000
Cash collateral	–	125
Stock collateral	16,267	5,795

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 (RQA). The Company monitors the ageing of receivables to mitigate the risk of debtor balances becoming overdue.

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Notes to the financial statements continued

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

In summary, the exposure to credit risk at 31 October 2017 and 2016 was as follows:

	2017 3 months or less £'000	2016 3 months or less £'000
Cash and cash equivalents	7,509	4,686
Cash collateral held with brokers	–	125
Other receivables (amounts due from brokers, dividends and interest receivable)	466	154
	7,975	4,965

There were no past or impaired assets as of 31 October 2017 (2016: nil).

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:

- transactions are only entered into with those counterparties approved by RQA, with a formal review carried out for each new counterparty and with counterparties selected by RQA on the basis of a number of risk migration criteria designed to reduce the risk to the Company of default;
- the Company's listed investments are held on its behalf by The Bank of New York (International) Limited as the Company's custodian (as sub-delegated by the Depositary). Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal control reports;
- 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 quoted 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. RQA review the credit standard of the Company's brokers on a periodic basis and set limits on the amount that may be due from any one broker;

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

- the semi-annual report from the Depositary, which includes the results of periodic site visits to the Company's custodian where controls are reviewed and tested;
- the custodian's Service Organisation Control (SOC 1) reports which include a report by the custodian's auditor. This report sets out any exceptions or issues noted as a result of the auditor's review of the custodian's processes;
- the Manager's internal control reports which include a report by the Manager's auditor. This report sets out any exceptions or issues noted as a result of the auditor's review of the Manager's control processes; and
- in addition, the Depositary and the Manager report any significant breaches or issues arising to the Board as soon as these are identified.

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 derivative 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 Statement of Financial Position. The disclosures set out in the following table include financial assets and financial liabilities that are subject to an enforceable master netting agreement or similar agreement.

At 31 October 2017 and 2016, the Company's derivative assets and liabilities (by type) are as follows:

	At 31 October 2017		At 31 October 2016	
Derivatives	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Written option contracts	–	(532)	–	(311)
Total derivative assets and liabilities in the Statement of Financial Position	–	(532)	–	(311)
Total assets and liabilities subject to a master netting agreement	–	(532)	–	(311)

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 2017:

Counterparty	Derivative liabilities subject to a master netting agreement by a counterparty £'000	Derivatives available for offset £'000	Non-cash collateral given £'000	Pledged cash collateral £'000	Net amount of derivative liabilities £'000
At 31 October 2017					
Morgan Stanley	(532)	–	532	–	–
Total as at 31 October 2017	(532)	–	532	–	–
At 31 October 2016					
Morgan Stanley	(311)	–	311	–	–
Total as at 31 October 2016	(311)	–	311	–	–

(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 lower of £10.0 million or 20% of the Company's net assets (2016: lower of £10.0 million or 20% of the Company's net assets).

Financial statements

Notes to the financial statements continued

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 31 October 2017 and 31 October 2016, based on the earliest date on which payment can be required, were as follows:

2017	3 months or less £'000
Amounts due to brokers, accruals and provisions	3,382
Derivative financial liabilities held at fair value through profit or loss	532
	3,914

2016	3 months or less £'000
Amounts due to brokers, accruals and provisions	901
Derivative financial liabilities held at fair value through profit or loss	311
	1,212

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, the 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 Statement 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 2(g) to the Financial Statements on page 50.

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. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques used to price securities based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Valuation techniques used for non-standardised financial instruments such as 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 these 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 entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

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

The determination of what constitutes 'observable' 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.

Fair values of financial assets and financial liabilities

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 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	114,234	–	–	114,234
Liabilities:				
Derivative financial instruments – written options	–	(532)	–	(532)
	114,234	(532)	–	113,702

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

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 October 2017 and 31 October 2016. The Company did not hold any Level 3 securities throughout the financial year or as at 31 October 2017 (2016: nil).

Financial statements

Notes to the financial statements continued

14. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(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 2017 was £118,295,000 (2016: £109,479,000), comprising a bank overdraft of nil (2016: nil) and equity shares, capital and reserves of £118,295,000 (2016: £109,479,000).

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.

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

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

The Company is subject to externally imposed capital requirements:

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

During the year, the Company complied with the externally imposed capital requirements to which it was subject.

15. RELATED PARTY DISCLOSURE: DIRECTORS' EMOLUMENTS

Disclosures of the Directors' interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 28 and 29. At 31 October 2017 £10,000 (2016: £8,000) was outstanding in respect of Directors' fees.

16. TRANSACTIONS WITH THE MANAGER

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on pages 21 and 22.

The investment management fee due for the year ended 31 October 2017 amounted to £868,000 (2016: £747,000). At the year end, £868,000 was outstanding in respect of the management fee (2016: £400,000).

In addition to the above services, BlackRock has provided marketing services. The total fees paid or payable for these services for the year ended 31 October 2017 amounted to £29,000 excluding VAT (2016: £35,000) before prior year over accrual adjustments of £8,000 (2016: write back of over accrual of £59,000). Marketing fees of £22,000 excluding VAT (2016: £20,000) were outstanding as at the year end.

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 October 2017 (2016: 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/March

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 were 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.

With effect from April 2018, the tax free allowance will reduce from £5,000 to £2,000. If you have any tax queries, please contact a financial adviser.

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.

Additional information

Shareholder information continued

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.

NOMINEE CODE

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

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

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

PUBLICATION OF NET ASSET VALUE/PORTFOLIO ANALYSIS

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

The daily NAV per share and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the BlackRock website at blackrock.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.

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

Additional information

Analysis of ordinary shareholders

BY TYPE OF HOLDER

	Number of holders	% of total 2017	% of total 2016	Number of shares	% of total 2017	% of total 2016
Individuals	63	11.3	8.7	1,109,755	1.6	1.9
Banks or Nominees	488	85.7	88.9	67,334,990	97.7	97.2
Insurance Company	6	1.1	0.7	84,436	0.1	0.1
Other Company	8	1.4	1.3	309,353	0.5	0.7
Pension Trust	1	0.2	0.1	1	0.0	0.0
Other Corporate Body	2	0.3	0.3	35,509	0.1	0.1
	568	100.0	100.0	68,874,044	100.0	100.0

BY SIZE OF HOLDING

Range	Number of holders	% of total 2017	% of total 2016	Number of shares	% of total 2017	% of total 2016
1-10,000	337	59.3	57.4	1,590,033	2.3	3.1
10,001-100,000	150	26.4	32.9	4,579,755	6.6	10.1
100,001-1,000,000	63	11.1	7.1	20,687,527	30.0	23.8
1,000,000-5,000,000	17	3.0	2.3	36,888,146	53.6	46.2
5,000,000 and above	1	0.2	0.3	5,128,583	7.5	16.8
	568	100.0	100.0	68,874,044	100.0	100.0

Excludes treasury shares.

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
2017	68,874,044	31,487,261	118,295	171.76	160.50	3,731	5.41	4.95

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
The Bank of New York Mellon (International) Limited*
1 Canada Square
Canary Wharf
London E14 5AJ

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 WLG International Limited
4 More London Riverside
London SE1 2AU

* 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 most up to date version of the BlackRock AIFM Remuneration Policy (the Policy) are disclosed on the Company's website at blackrock.co.uk/brna. The Policy is reviewed on an annual basis and updated as required; it has 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 2017	Gross leverage as at 31 October 2017
Leverage ratio	0.93	1.17

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 56 to 66.

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.

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
13 December 2017

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.

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
13 December 2017

Annual general meeting

Notice of annual general meeting

Notice is hereby given that the fifth 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, 6 March 2018 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 2017, together with the report of the auditors thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 October 2017, excluding the remuneration policy of the Company.

3. That shareholders approve the Company's dividend policy to continue to pay four quarterly interim dividends, which in the year under review have totalled 4.95p per share.

4. To re-elect Christopher Casey as a Director.

5. To re-elect Simon Miller 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 £68,874 (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 2019, 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 2019, 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 £68,874 (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 10,324,219 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;

(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 2019 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.

FOR AND ON BEHALF OF THE BOARD
CAROLINE DRISCOLL
BlackRock Investment Management (UK) Limited
Company Secretary
13 December 2017

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Annual general meeting

Notice of annual general meeting continued

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
2. To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions thereon as soon as possible and in any event by not later than 12.00 noon on 2 March 2018 (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 2 March 2018 (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 2 March 2018 (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. 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 2 March 2018 (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.
9. 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 2 March 2018 (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.
10. 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.
11. 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.
12. 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.

13. 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.
14. 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 22 January 2018, 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.
15. Further information regarding the meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at blackrock.co.uk/brna.
16. As at 13 December 2017 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital comprised 68,874,044 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 13 December 2017 is 68,874,044.
17. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

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 2017 equity shareholders' funds were £118,295,000 and there were 68,874,044 ordinary shares (excluding treasury shares) in issue; the NAV was therefore 171.76p 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.

GEARING

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

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

ONGOING CHARGES RATIO

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

Ongoing charges are those expenses of a type which are likely to recur in the forseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge.

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.

TREASURY SHARES

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

OPTIONS AND OPTIONS OVERWRITING STRATEGY

An option is a contract that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date) for a fee (the premium). The sale of call or put options on stocks that are believed to be overpriced or underpriced, based on the assumption that the options will not be exercised, is referred to as an 'options overwriting' strategy. The seller of the option collects a premium but, if the option subsequently expires without being exercised, there will be no down side for the seller. However, if the stock rises above the exercise price the holder of the option is likely to exercise the option and this strategy can reduce returns in a rising market.

The Company employs an options overwriting strategy but seeks to mitigate risk by utilising predominantly covered call options (meaning that call options are only written in respect of stocks already owned within the Company's portfolio such that, if the options are exercised, the Company does not need to purchase stock externally at fluctuating market prices to meet its obligations under the options contract). Any use of derivatives for efficient portfolio management and options for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments.

Financial Conduct Authority

FCA
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

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