BLACKROCK THROGMORTON TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 30 NOVEMBER 2016

BLACKROCK®

NM0424U-3528877-1/86

BlackRock Throgmorton Trust plc

Objective

- The Company's objective is to provide shareholders with capital growth and an attractive total return by investing primarily in UK smaller companies and mid-capitalisation companies listed on the main market of the London Stock Exchange.

Structure

- Conventional long only portfolio; and
- Contracts for difference (CFD) portfolio of approximately 30% of the Company's net assets.

Benchmark

- The Numis Smaller Companies excluding AIM (excluding Investment Companies) Index.

A full explanation of the investment strategy, including the CFD portfolio, can be found on pages 9 to 11 of this Annual Report.

aic
The Association of Investment Companies

A MEMBER OF THE ASSOCIATION OF INVESTMENT COMPANIES

Details about the Company are available on the website at blackrock.co.uk/thrg

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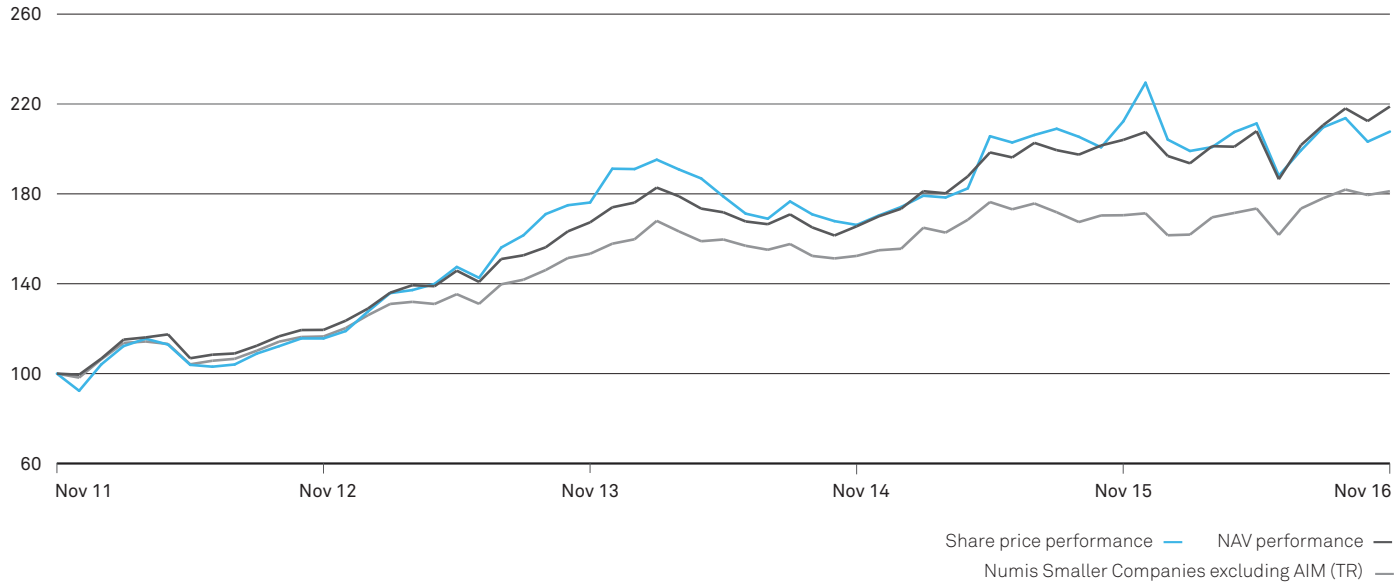
FINANCIAL HIGHLIGHTS

	As at 30 November 2016	As at 30 November 2015	Change %
Assets			
Net assets (£'000)	301,547	286,343	+5.3
Net asset value per share	412.34p	391.55p	+5.3
– with income reinvested	–	–	+7.3
Ordinary share price (mid-market)	325.00p	339.50p	-4.3
– with income reinvested	–	–	-2.1
Numis Smaller Companies excluding AIM (excluding Investment Companies) Index	18,157.95	17,086.77	+6.3

	As at 30 November 2016	As at 30 November 2015	Change %
Revenue			
Net revenue return after taxation (£'000)	5,723	5,911	-3.2
Revenue return per ordinary share	7.83p	8.08p	-3.1
Dividends			
– Interim	1.25p	1.10p	+13.6
– Final	6.25p	5.60p	+11.6
Total dividends paid and payable in respect of the year ended 30 November	7.50p	6.70p	+11.9

PERFORMANCE FROM 30 NOVEMBER 2011 TO 30 NOVEMBER 2016



Total return performance record, rebased to 100 at 30 November 2011.
Sources: BlackRock and Datastream.

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Overview and performance

Historical record

ASSETS

Year to 30 November	Equity shareholders' funds	NAV per share	Total return	Mid-market price per share
	£m	p	%	p
2016	301.5	412.3	+7.3	325.0
2015	286.3	391.6	+23.2	339.5
2014	235.5	322.0	-1.1	270.0
2013	240.8	329.2	+40.1	290.0
2012	174.1	238.0	+19.4	193.3
2011	147.8	202.1	-3.9	170.0
2010	127.3	212.8	+51.7	163.0
2009	106.9	144.3	+63.7	115.8
2008	77.0[1]	93.5	-51.4[3]	62.8
2007	272.5	194.6[2]	-1.6	152.0
2006	326.2	199.4[2]	+15.4	164.3
Compound annual growth rate over the ten year period	–	7.5%	–	7.1%

1. Reduction from a tender offer and reorganisation of the Company in 2008, as well as market movements.
2. Prior charges at par.
3. Includes £5.5 million in respect of the write-back of prior years' VAT.

REVENUE

Year to 30 November	Net revenue after taxation[5]	Revenue return per share[5]	Dividends per share
	£m	p	p
2016	5.7	7.83	7.50
2015	5.9	8.08	6.70
2014	3.8	5.19	4.40
2013	3.7	4.99	4.00
2012	2.7	3.64	3.32
2011	2.1	3.29	3.15
2010	1.9	2.85	3.00
2009	3.1	3.86	2.75[4]
2008	4.8	3.85	2.40[4]
2007	2.3	1.54	2.20
2006	3.3	1.84	2.00
Compound annual growth rate over the ten year period	–	15.6%	14.1%

4. Dividends per share do not include special dividends of 2.00 pence per share paid in 2009 and 3.00 pence per share paid in 2008.
5. Net revenue after taxation and revenue return per share for the years ended 30 November 2013 and 2012 relate to the parent company and for the years up to 30 November 2011, related to the Group including subsidiary companies.

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Overview and performance

Chairman's statement

PERFORMANCE

During the year to 30 November 2016, the Company's Net Asset Value per share (NAV) returned 7.3% compared with a return of 6.3% from the Company's benchmark, the Numis Smaller Companies excluding AIM (excluding Investment Companies) Index, both on a total return basis. Further information on the performance of the portfolio can be found in the Investment Manager's report on pages 7 and 8.

This modest outperformance of the benchmark index should be viewed in the context of what has been a particularly volatile year for UK equity markets. It is also important to consider the Company's NAV and share price performance over a longer period than just one year. During the five year period to 30 November 2016, NAV and share price returns have been 118.9% and 107.7% respectively. This compares very favourably to the benchmark index return over the same period of 81.2%. However, when we compare the Company's NAV performance to the wider UK stock market, the Company's five year NAV return of 118.9% represents a substantial and gratifying outperformance of 63.5% over the FTSE All-Share Index return of 55.4% over the same period. This demonstrates the ability of smaller companies to outperform their larger counterparts over the medium to longer term.

Since the year end and up to the close of business on 8 February 2017, the NAV has risen by 10.8%, compared to the benchmark index return which rose by 8.2%. (All figures in sterling terms with income reinvested.)

MARKET OVERVIEW

The year under review has been challenging for both domestic and world markets and was characterised by sustained political and macroeconomic uncertainty. Market volatility remained high throughout the year, reflecting concern around global growth, particularly in China as it seeks to rebalance its economy. The unprecedented and sustained low interest rate environment, volatility in oil prices, the Federal Reserve's decision on when and to what extent to raise US interest rates and, more recently, concerns over the impact of President Trump's unexpected victory in the US presidential elections ensured market uncertainty persisted.

The UK electorate's historic vote in June to leave the European Union came as a surprise to many. Stock markets fell sharply in the days following the announcement, with the FTSE 250 hit hardest due to its greater domestic exposure. Markets have since recovered and the detrimental impact of the vote on the UK economy, as forecast by many, has yet to materialise. The depreciation of sterling since the date of the referendum has also been beneficial to stock market investors given that UK listed companies derive around two thirds of their earnings overseas. However, this currency depreciation is likely to result in inflationary pressure, increasing operating costs for UK smaller companies and an increase in the cost of living for consumers. This may be reflected in decreased consumer spending as we enter 2017.

In August of this year, the Bank of England reduced interest rates for the first time since 2009, down from 0.5% to 0.25%, and announced a further £60 billion in government bond purchases following similar degrees of quantitative easing by other European central banks. Government bond yields remain at record lows and the bond purchase programme has only exacerbated this situation. Although supportive of the economy, it remains to be seen whether this monetary stimulus will filter down and materially benefit the 'real' economy.

REVENUE RETURN AND DIVIDENDS

The revenue return per share for the year amounted to 7.83 pence per share, compared with 8.08 pence per share for the previous year, a marginal decrease of 3.1%.

During this past year we have seen a 15% increase in dividends (excluding specials) from our portfolio companies. However, the level of special dividends received this year has fallen compared to the prior year. Special dividends, by their nature, are non-recurring and the amount of special dividends received in the current financial year decreased by 67%.

On 6 February 2017 the Directors declared a proposed final dividend of 6.25 pence per share for the year ended 30 November 2016. This, together with the interim dividend of 1.25 pence paid on 19 August 2016, gives a total dividend for the year of 7.50 pence per share, an increase of 11.9% on the total dividend distributed to shareholders last year. This dividend will be paid on 29 March 2017, subject to shareholder approval at the AGM, to shareholders on the Company's register on 17 February 2017. The ex-dividend date is 16 February 2017.

POLICY ON DISCOUNT MANAGEMENT

During the year to 30 November 2016, the Company's share price discount to NAV ranged between 4.6% and 22.0%, ending the year at 21.2%. The UK Smaller Companies sector has historically traded at a significant discount to NAV and the Company's average discount to NAV since 1 July 2008 (the date BlackRock became Manager of the Company) has been 16.2%.

The Board recognises the importance to shareholders that the Company's share price should not, in normal market conditions, trade at an excessive discount to NAV and, where deemed to be in the interests of shareholders, the Board may exercise the Company's share buy back authorities to encourage a narrowing of the discount.

The Board carefully monitors the level of discount of the Company's shares, and that of the peer group. It is aware that some trusts have taken action, including introducing measures to encourage a narrowing of the discount. The Board intends to consult and discuss with shareholders a number of potential options designed to assist with this, including reviewing the quantum and timing of the dividend paid to shareholders. However, we believe that the best way of addressing the discount over the medium to longer term is to continue to generate strong NAV total return performance and also to create demand for the Company's shares in the secondary market through broadening awareness of the benefits of the Company's unique structure.

BOARD COMPOSITION

As part of the Board's succession plan, a search and selection process was initiated during the year, which culminated in the appointment of two new non-executive Directors. I am delighted to welcome Christopher Samuel and Andrew Pegge to the Board, who were appointed on 1 June and 29 November respectively. Mr Samuel and Mr Pegge bring with them a wealth of industry experience and financial sector expertise, further strengthening the existing Board. Information on their background, and that of all Directors, can be found in their biographies on pages 21 and 22.

As I mentioned in my statement to the half-yearly report earlier this year, Mr Stobart will retire from the Board with effect from the conclusion of this year's AGM and Mr Greenlees will succeed him as Chairman of the Company's Audit Committee. I would like to take this opportunity to place on record the Board's gratitude for Mr Stobart's invaluable contribution to the success of the Company during his tenure. We wish him well for the future.

Having been Chairman of the Company since March 2012, following my appointment to the Board in March 2007, I shall retire from the Board in July 2017 after the publication of the Company's interim results. As part of the Board's succession plan, Christopher Samuel will succeed me as Chairman of the Board with effect from the date of my retirement. Mr Samuel has extensive investment company experience and financial sector expertise and I have no doubt that he will provide strong leadership of the Board and the Company going forward.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on Wednesday, 22 March 2017 at 11.00 a.m. at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL. Details of the business of the meeting are set out in the Notice of Annual General Meeting on pages 77 to 80 of this Annual Report. The Portfolio Managers will make a presentation to shareholders on the Company's progress and the outlook for the year ahead. Shareholders who are unable to attend the AGM in person will be able to watch it via a live stream. Further information on how to register for this is set out on page 74.

OUTLOOK

In his autumn statement to Parliament, the Chancellor of the Exchequer announced that the Office of Budget Responsibility had revised its UK growth forecasts for the coming year, down from 2.2% to 1.4%. In February 2017 the forecast was raised to 2% following improving economic data. Overall growth is expected to remain positive and levels of employment in the UK are expected to rise over the next five years. In response to the outcome of the EU Referendum, the UK Government has committed to additional spending on major infrastructure, focusing on areas that it believes will boost productivity and competitiveness. The Government has also agreed to reduce the rate of corporation tax to 17% by 2020, all of which should be supportive of the economy. However, there remains concern that the present lack of clarity on the terms of the UK's exit may deter investment in the short term.

Against this backdrop, your portfolio managers will seek to identify opportunities to add to existing holdings or to introduce new stocks to the portfolio which they believe are well positioned to benefit as the economy adjusts post Brexit. Their fundamental strategy has not changed and they continue to seek companies with robust business models, strong cash flows and favourable industry characteristics, led by management teams capable of 'self-help'. The focus remains on bottom–up stock selection, assembling a portfolio of individual companies which, taken as a whole, should provide capital growth and an attractive total return, regardless of short term economic fluctuations. Your Board is fully supportive of this approach.

CRISPIN LATYMER
Chairman
10 February 2017

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Overview and performance

Investment manager's report

MIKE PRENTIS

DAN WHITESTONE

MARKET REVIEW AND OVERALL INVESTMENT PERFORMANCE

This has been a volatile year, heavily influenced by the impact of the UK's vote to leave the EU. This was a shock result and markets reacted very negatively following the announcement. However, markets have subsequently recovered well, helped by the forecast that UK GDP growth will slightly exceed 2% in 2016 and indications that the UK economy appears to be in good health. UK stock markets have also benefited from the extent of overseas earnings of UK listed companies and the fall in Sterling relative to the US Dollar. The FTSE 100 is generally considered to derive about 75% of its earnings from overseas; for our portfolio the figure is approximately 50%.

PERFORMANCE REVIEW

The Company's NAV per share increased by 7.3% to 412.3p on a total return basis. This compares to an increase in the benchmark index of 6.3% and the FTSE 100 of 11.1%.

2016 was a strong year for the CFD portfolio, adding 2.5% to the NAV. The long CFDs generated 2.6%, helped by some of the portfolio's key holdings delivering, and whilst the performance of the short CFD book was -0.1% it should be noted that three of the top fifteen contributors to the CFDs year-end performance were indeed shorts, and the flat performance from the short book should be viewed in the context of a rising market, with the benchmark delivering a 6.3% return.

As mentioned earlier, 2016 proved an eventful year, dominated by big global macro events. The CFD portfolio has always tried to focus on the "micro", and whilst there will always be global events of significance that can augment or detract from performance, the advantage of investing in UK small and mid sized companies and our investment process, means that stock and industry outcomes can dominate. 2016 is a case in point. This was another year where the long CFD portfolio's largest holdings delivered (JD Sports, MicroFocus, RPC Group, CVS Group) responding to several positive trading updates through the course of the year. We still own all of these, with the exception of MicroFocus which we had to sell on it entering the FTSE 100, and remain very confident on their prospects entering 2017. As for the short book, the fact that three of the portfolio's biggest contributors are shorts, reminds us of the dispersion of returns within small and mid-caps and the value in identifying companies and industries facing structural pressures. Whilst the performance of the short book, in aggregate, was -0.1%, we think this is a strong outcome in the face of a rising market.

Within the long only portfolio we saw excellent performances from a number of our holdings with Fevertree Drinks, JD Sports, CVS Group, Hill & Smith, 4imprint and Accesso Technology each contributing more than 0.5% to relative performance. Fevertree continues to grow strongly, helped by a focus on new product development and good international distribution. Fevertree is competing effectively in a large global market in which it still has a small share for its superior premium mixers. JD Sports has continued to show strong like-for-like growth in its UK stores, helped by good relationships with the global brands whose products it sells. It has opened more large stores in European cities and most recently its first store in Malaysia. We expect further growth both from existing stores and as JD expands its international footprint.

CVS Group continues to trade strongly, with most recent disclosed like-for-like sales growth of 6.3%. It has continued to carry out acquisitions of veterinary practices and ancillary activities, recently expanding into the Netherlands. Hill & Smith is benefiting from increased infrastructure spending, especially road widening. It has a good presence in the UK and the US, both countries where it is believed infrastructure spending is likely to increase. 4imprint has completed its US factory expansion and is ready to grow further in the US; strong US GDP growth should encourage its customers to maintain or increase their spending on promotional products, and 4imprint should continue to win market share. Accesso have continued to win new customers for its ticketing and virtual queuing solutions, and these are being rolled out globally.

Other investments which performed strongly in the year include Keywords, shares in which more than doubled, Trifast and Scapa Group.

The biggest headwind to relative performance in the long only portfolio was our underweight position in mining stocks. Several previously FTSE 100 mining stocks joined our benchmark in January 2016 and have subsequently performed very strongly, for example Evraz and Vedanta. Share prices of both more than trebled during the year and our underweight sector position detracted 3.4% from relative performance over the financial year.

The other major headwind was BREXIT and the impact that this had on UK domestic consumer and real estate stocks. Our holding in Topps Tiles detracted 0.8% during the year and holdings in Lookers and Vertu also proved painful. These

stocks have all been savagely de-rated in expectation of tougher times ahead. Our holding in Workspace detracted 0.7% from relative performance; its shares are now trading at a discount to NAV of more than 20% despite the fact that it offers tenants flexible space at a time when they may be reluctant to commit to conventional longer leases. Workspace's occupancy remains high, rents remain low, loan to value is historically low, and its portfolio is valued on a conservative passing yield.

ACTIVITY

During the second half of the financial year complete disposals included long only portfolio holdings in Lavendon, following an approach from a private Belgian company, and Hutchison China Meditech, which has been a huge success over the years. We also reduced a number of other holdings, in many cases to cut back our aggregate UK exposure; these include our holdings in Rathbones, Redrow and Ted Baker. We trimmed our holding in Fevertree after a sustained strong run; in Vectura, following its all share merger with Skyepharma, in which we were previously invested; and Senior, given tougher trading conditions.

We added a few small companies on IPO, notably Premier Asset Management, which is mainly focused on multi-asset funds, and Warpaint, a designer of fashion cosmetics for younger women. We added holdings in Trifast, which has grown strongly and is increasingly international, and Hiscox, the specialist insurer with an excellent long term track record and growing US business. We also added to holdings in Morgan Sindall, which we see as well exposed to increased UK spending on infrastructure including social housing, and St Modwen which trades at a large discount to NAV which we think is harsh.

Turning to the CFD portfolio, activity has been fairly limited in the long CFD book, the two significant events being the full disposal of our holding in MicroFocus as it entered the FTSE 100, and the purchase of Melrose in the second half of the year, which is now a top 5 holding in the CFD portfolio. The short book has seen greater portfolio turnover as it has always been more catalyst driven. In the last few months new ideas have been introduced in the short book, targeting opportunities where we believe there could be revenue shortfalls and cost pressures – notably in the areas of small and mid-cap technology where we believe IT budgets are very sensitive to fragile business confidence, and in consumer services where several companies are facing a triple whammy of wage pressures, rising sourcing costs and increased business rates.

PORTFOLIO POSITIONING

Relative to our benchmark index, we remain most overweight consumer discretionary stocks, including companies such as JD Sports, Cineworld and Headlam. These are companies which have strong market positions and very capable management. Should they see a UK referendum impact at some stage we would expect them to fare much better than their competitors. We are also significantly overweight healthcare with holdings such as CVS Group, Dechra Pharmaceuticals and Advanced Medical Solutions. The latter two holdings are very international and have long life products. CVS is defensive in that pet owners are unlikely to cut back spending on their pets materially in tougher times. We expect CVS to continue to gain market share. We are also increasingly exposed to UK infrastructure spending through holdings such as Marshalls, Morgan Sindall and Costain, another small new addition. We are also more exposed to defence markets through holdings in Avon Rubber, Cohort and Ultra Electronics. We are underweight financials, real estate, consumer staples and energy.

With regard to the positioning structure of the CFD portfolio, the emphasis has been and remains on identifying stock and industry specific outcomes, and therefore invests with little benchmark awareness. Clearly, not owning indebted commodity exposed names has cost the fund performance in 2016. However, the high conviction holdings in both the long and short books have delivered, which has been the key driver of returns this year. The long book remains exposed to specific investment cases we think can deliver over and above short term fluctuations in the economic and business cycles. The short book continues to target companies that are over-earning and/or operating in industries undergoing structural pressures.

OUTLOOK

2016 has been a year of uncertainty and we expect it to be followed by a further year of uncertainty with a new US President, BREXIT negotiations getting underway, and political elections in Continental Europe. This could lead to nervous and volatile markets which will continue to provide the CFD portfolio with interesting opportunities, both long and short. Within the long only portfolio we have good exposure to overseas markets and our UK focused holdings are either defensive or leaders in their field, well placed to cope with challenges and gain further market share. The management teams we are invested behind are very capable and the balance sheets of the companies they manage are generally very strong. We feel our portfolio is well placed for a continuation of current uncertainties.

MIKE PRENTIS AND
DAN WHITESTONE
BlackRock Investment Management (UK) Limited
10 February 2017

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Overview and performance

Strategic report

The Directors present the Strategic Report of the Company for the year ended 30 November 2016.

PRINCIPAL ACTIVITY

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

OBJECTIVE

The Company's objective is to provide shareholders with capital growth and an attractive total return through investment primarily in UK smaller and mid-capitalisation companies listed on the main market of the London Stock Exchange.

STRATEGY, BUSINESS MODEL, INVESTMENT POLICY AND INVESTMENT PROCESS

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

The Company's business model follows that of an externally managed investment trust, therefore the Company does not have any employees and outsources its activities to third party service providers, including the Manager who is the principal service provider.

The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager. The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

Other service providers include the Depositary, BNY Mellon Trust & Depositary (UK) Limited, the Fund Accountant, Bank of New York Mellon (International) Limited, and the Registrar, Computershare Investor Services PLC. Details of the contractual terms with third party service providers are set out in the Directors' Report.

INVESTMENT POLICY

The Company's performance is measured against the Numis Smaller Companies excluding AIM (excluding Investment Companies) Index (the Index).

The Company may hold up to 25% of its gross assets, at the time of acquisition, in equities or collective investment vehicles traded on the AIM market of the London Stock Exchange.

The Investment Manager, BlackRock Investment Management (UK) Limited (BIM (UK)), may invest in companies outside the Index without restriction subject to the limits noted above.

In addition to holding a conventional long only portfolio of UK smaller and mid-capitalisation equities, the Company will hold approximately 30% of its net assets in a portfolio of contracts for difference (CFDs) and/or comparable equity derivatives which provide both long and short exposure. Under normal circumstances, the long only portfolio is expected to comprise 100% of the Company's net assets. Therefore, the Company can have gross exposure of 130% of net assets, albeit that some of this exposure may represent short positions.

Portfolio risk will be mitigated by investment in a diversified portfolio of companies. No more than 5% of the Company's gross assets, at the time of acquisition, may be invested in any one single company excluding holdings in cash or money market funds where up to 10% of the Company's gross assets may be held. The Company will not invest more than 10% of its gross assets, at the time of the acquisition, in other listed closed-ended investment funds, unless such companies have a stated investment policy not to invest more than 15% of their gross assets in other listed closed-ended investment funds, in which case the limit is 15% of gross assets.

The Board's policy is that net gearing, borrowing less cash, should not exceed 20% of gross assets. However, the Company is geared primarily through its CFD portfolio.

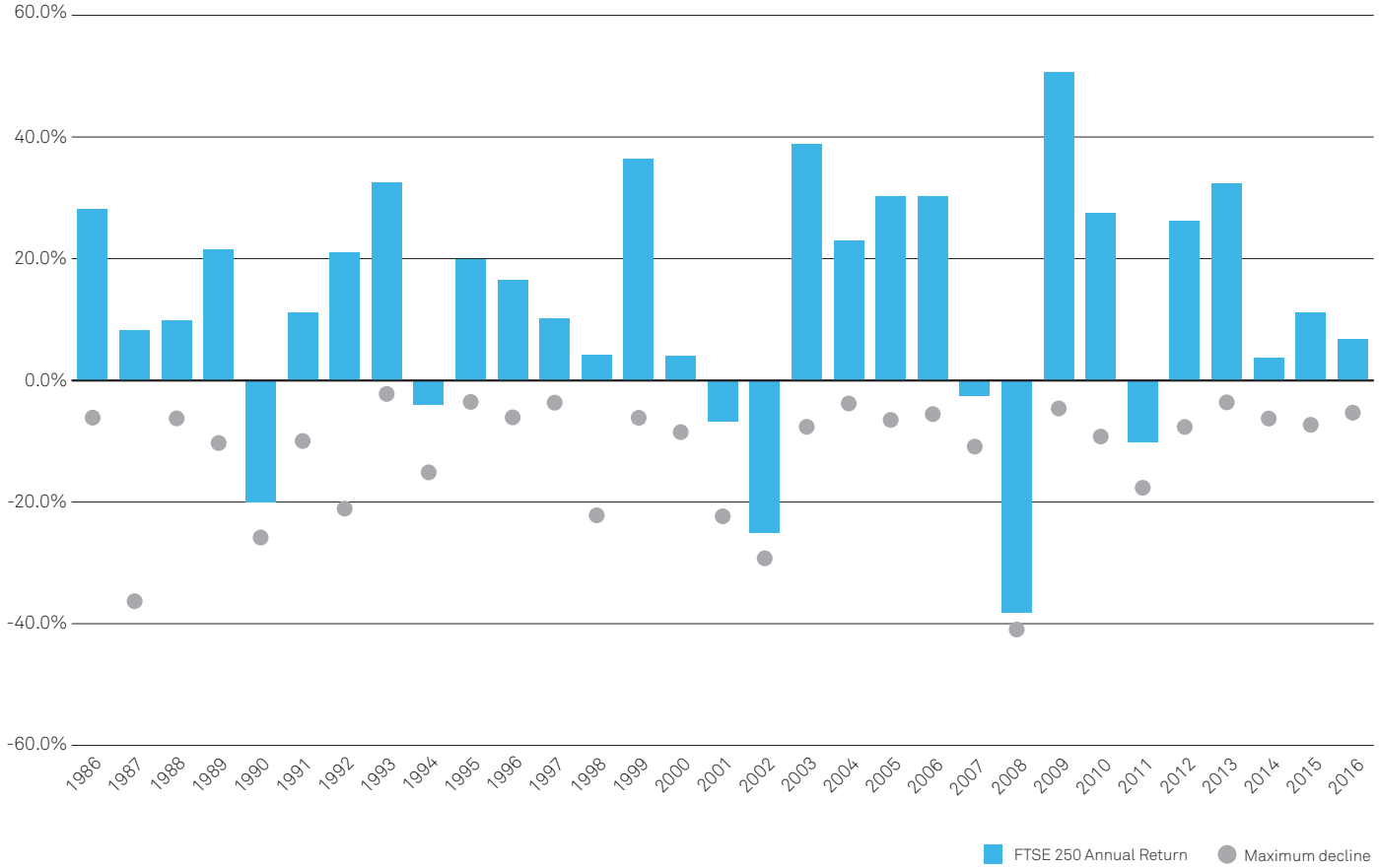
No material change will be made to the investment objective and policy without shareholder approval.

INVESTMENT PROCESS

A unique feature of the Company is that it has two potential sources of performance. A traditional long only portfolio and a long/short portfolio comprising CFDs, representing approximately 30% of the Company's net assets.

Notwithstanding recent positive returns from UK small and mid-cap companies, the sector has demonstrated considerable volatility over the past 20 years. The chart on page 10 shows the annual performance of the FTSE 250 Index since 1986 together with the extent of the maximum decline in the Index during each of those years. Such an environment provides an attractive opportunity to add value via CFDs, instruments which can exploit share price moves whether up or down. During 2016, this facility added approximately 2.5% to performance and 18.7% since inception on 11 September 2008.

FTSE 250 INTRA-YEAR DECLINES VS CALENDAR YEAR RETURNS



Note: Declines are based on monthly returns. Intra-month declines may be bigger, so these numbers should be considered a conservative estimate of the decline.

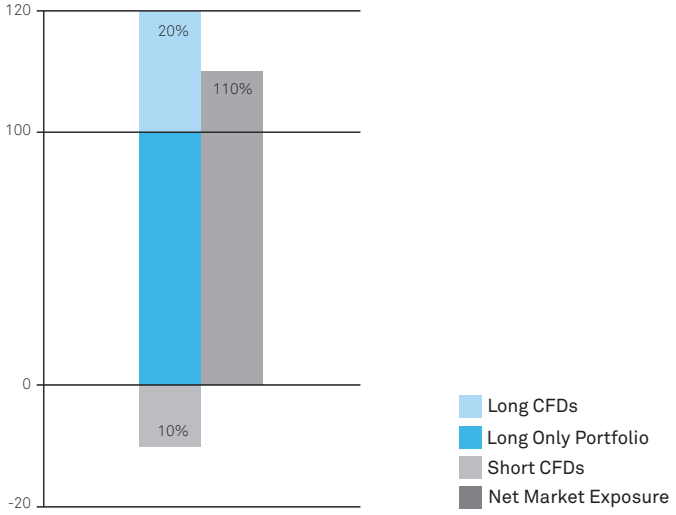
2016 returns are to the end of November.

As the maximum short CFD exposure is 30% of net assets, the Company will at all times retain a significant exposure to the market, as shown in the following charts.

In the course of their research the Portfolio Managers come across companies which they judge are likely to underperform; the ability to use short CFDs therefore significantly enhances the opportunity to make money for shareholders. This is not possible in a conventional or long only portfolio.

When markets are expected to rise in the medium term, the CFD strategy is to generate additional market exposure through ensuring that the long portfolio exceeds the short portfolio in a range between 0% to 10% of the net assets of the Company. Rising or 'bull' markets have historically (in the UK) persisted for longer than falling or 'bear' markets. A typical net market exposure might therefore be between 100% and 110%. This is lower than the 'gross exposure', which is the combination of the long only portfolio, and the short and long CFDs added together expressed as a % of net assets.

BULL MARKET POSITIONING – % OF NAV (130% GROSS EXPOSURE)



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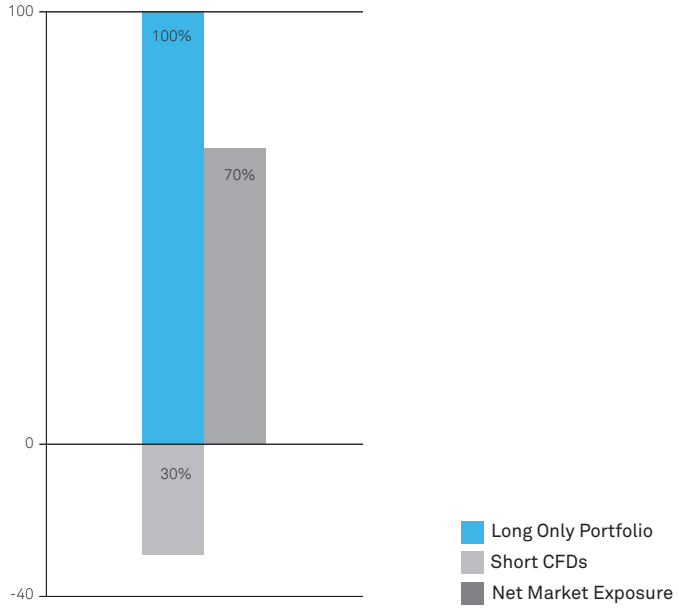
BEAR MARKET POSITIONING LIMIT – % OF NAV (130% GROSS EXPOSURE)



In a recessionary environment the Portfolio Managers have the flexibility to reduce market exposure to – at the maximum of its 'least exposed' level – around 70%.

If successfully implemented this strategy would provide some cushioning of the Company's performance in falling markets.

PERFORMANCE

The Investment Manager's report on pages 7 and 8 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 47. The total profit for the year, after taxation, was £20,213,000 (2015: a profit of £54,325,000) of which the revenue return amounted to £5,723,000 (2015: £5,911,000), and a capital profit of £14,490,000 (2015: £48,414,000).

Details of the dividends declared in respect of the year are set out in the Chairman's Statement on page 5.

KEY PERFORMANCE INDICATORS

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) used to measure the progress and performance of the Company over time, which are comparable to those reported by other investment trusts, are set out in the following table.

	Year ended 30 November 2016	Year ended 30 November 2015
Change in net asset value[1]	7.3%	23.2%
Change in ordinary share price[2]	(2.1%)	27.7%
Change in benchmark[3]	6.3%	11.9%
Discount to cum income net asset value	21.2%	13.3%
Revenue return per share	7.83p	8.08p
Total dividend per share	7.50p	6.70p
Ongoing charges[1]	1.1%	1.1%
Ongoing charges[4]	1.3%	2.3%

1. Calculated in accordance with the Association of Investment Companies (AIC) guidelines.
2. Calculated on a mid to mid basis with income reinvested.
3. Numis Smaller Companies excluding AIM (excluding Investment Companies) Index.
4. Calculated as a percentage of average net assets for the year and using expenses, including performance fees and interest costs.

The Board monitors the KPIs at each meeting. 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. This includes an assessment of the Company's performance and ongoing charges against its peer group of investment trusts with similar investment objectives.

The Directors recognise that it is in the long term interests of shareholders that the Company's shares do not trade at a significant discount to their prevailing NAV. In the year under review the discount to NAV of the ordinary shares on a cum income basis has ranged between 4.6% and 22.2%, with the average being 16.2%. The shares ended the year at a discount of 21.2% on a cum income basis.

Your Board believes that the best way of addressing the discount over the longer term is to continue to generate good performance and to create demand for the Company's shares in the secondary market through broadening awareness of the Company's unique structure. The Board will also be seeking to renew the authority from shareholders to buy back shares when it believes that it is in the interests of shareholders to do so, having taken into account all relevant factors including the size of the Company and the liquidity of its shares.

PRINCIPAL RISKS

The Company is exposed to a variety of risks and uncertainties and the Board has in place a robust process to identify, assess and monitor the principal risks faced by the Company. A core element of this process is the Company's risk register, which identifies the risks facing the Company and the likelihood and potential impact of each risk, together with the controls established for mitigation. A residual risk rating is calculated for each risk which allows the effect of any mitigating procedures to be reflected in the register. The principal risks and uncertainties faced by the Company during the financial year, together with the potential effects, controls and mitigating factors, are set out over the page.

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Principal Risk	Mitigation/Control
Investment Performance The Board is responsible for: ▸ setting the investment policy to fulfil the Company's objectives; and ▸ monitoring the performance of the Company's Investment Manager and the strategy adopted. An inappropriate policy or strategy may lead to: ▸ poor performance compared to the Company's benchmark, peer group or shareholder expectations; ▸ a widening discount to NAV; ▸ a reduction or permanent loss of capital; and ▸ dissatisfied shareholders and reputational damage.	To manage these risks the Board: ▸ regularly reviews the Company's investment mandate and long term strategy; ▸ has set, and regularly reviews, the investment guidelines and has put in place appropriate limits on levels of gearing and the use of derivatives; ▸ receives from the Investment Manager a regular explanation of stock selection decisions, portfolio gearing and any changes in gearing and the rationale for the composition of the investment portfolio; ▸ receives from the Investment Manager regular reporting on the portfolio's exposure through derivatives, including the extent to which the portfolio is geared in this manner and the value of any short positions; and ▸ monitors the maintenance of an adequate spread of investments in order to minimise the risks associated with particular sectors, based on the diversification requirements inherent in the Company's investment policy.
Market Risk Market risk arises from changes to the prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments whose prices decline.	The Board carefully considers diversification of the portfolio, asset allocation, stock selection, unquoted investments 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.
Income/dividend risk The amount of dividends and future dividend growth will depend on the performance of the Company's underlying portfolio. Any change in the tax treatment of the dividends or interest received by the Company may reduce the level of dividends received by shareholders.	The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting. The Company also has a revenue reserve and powers to pay dividends from capital which could potentially be used to support the Company's dividend if required.
Financial risk The Company's investment activities expose it to a variety of financial risks that include market risk, foreign currency risk and interest rate risk. At 30 November 2016, the Company had approximately 26.3% of its gross asset value invested in AIM traded equity securities, and, by the very nature of its investment objective, largely invests in smaller companies. Liquidity in these securities can from time-to-time become constrained, making these investments difficult to realise at or near published prices.	The Company is not materially exposed to foreign currency and interest rate risk. For mitigation of market risk, see above. There are also risks linked to the Company's use of derivative transactions including CFDs. Details are disclosed in note 12 on pages 58 and 59, together with a summary of the policies for managing and controlling these risks in note 17.

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Principal Risk	Mitigation/Control
Operational risk In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by the Manager, Bank of New York Mellon Trust & Depositary (UK) Limited (the Depositary) and the Bank of New York Mellon (International) Limited, (the Fund Accountant) who maintains the Company's accounting records. Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records, as a result of a cyber-attack or otherwise, could impact the monitoring and reporting of the Company's financial position. The security of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements, depend on the effective operation of these systems.	The Board reviews the overall performance of the Manager, Investment Manager and all other third party service providers and compliance with the investment management agreement on a regular basis. The Fund Accountant's and the Manager's internal control processes are regularly tested and monitored throughout the year and are evidenced through their Service Organisation Control (SOC 1) reports, which are subject to review by an Independent Service Assurance Auditor. The SOC 1 reports provide assurance in respect of the effective operation of internal controls. The Company's assets are subject to a strict liability regime and in the event of a loss of financial assets held in custody, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate that the loss was a result of an event beyond its reasonable control. The Board considers succession arrangements for key employees of the Manager and the Investment Manager and receives reports on the business continuity arrangements for the Company's key service providers. The Board also receives regular reports from BlackRock's internal audit function.
Legal and regulatory risk 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 its investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio. In such event the investment returns of the Company may be adversely affected. Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010. Amongst other relevant laws and regulations, the Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers' Directive, the Market Abuse regulation, the UK Listing Rules and the Disclosure & Transparency Rules.	The Investment Manager monitors investment movements, the level of forecast income and expenditure and the amount of proposed dividends, if any, to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached and the results are reported to the Board at each meeting. Following authorisation under the Alternative Investment Fund Managers' Directive (AIFMD), the Company and its appointed Alternative Investment Fund Manager (AIFM) are subject to the risks that the requirements of this Directive are not correctly complied with. The Board and the AIFM also monitor changes in government policy and legislation which may have an impact on the Company. Compliance with the accounting standards applicable to quoted companies and those applicable to investment trusts are also regularly monitored to ensure compliance. The Company Secretary and the Company's professional advisers monitor developments in relevant laws and regulations and provide regular reports to the Board in respect of the Company's compliance.
Counterparty risk The potential loss that the Company could incur if a counterparty is unable (or unwilling) to perform on its commitments. The Company's investment policy also permits the use of both exchange-traded and over-the-counter derivatives (including contracts for difference).	Due diligence is undertaken before contracts are entered into and exposures are diversified across a number of counterparties. The Board reviews the controls put in place by the Investment Manager to monitor and to minimise counterparty exposure, which include intra-day monitoring of exposures to ensure that these are within set limits. The Depository is liable for restitution for the loss of financial instruments held in Custody, unless it is able to demonstrate that the loss was due to an event beyond its reasonable control.

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The risk register, its method of preparation and the operation of key controls in the Manager's and third party service providers' systems of internal control are reviewed on a regular basis by the Audit 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 Committee periodically receives presentations from BlackRock's Internal Audit and Risk & Quantitative Analysis teams. Where produced, the Audit Committee also reviews SOC 1 reports from the Company's service providers.

As required by the UK Corporate Governance Code, the Board has undertaken a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks have been described on pages 11 to 13, together with an explanation of how they are managed and mitigated. The Board will continue to assess these risks on an ongoing basis.

VIABILITY STATEMENT

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 the period up to the AGM in 2022, being a five year period from the date that this Annual Report will be approved by shareholders. This is generally the investment holding period investors consider while investing in the smaller companies sector. In making this assessment the Board has considered the following factors:

- the Company's principal risks as set out on pages 11 to 13;
- the impact of a significant fall in UK equity markets on the value of the Company's investment portfolio;
- the ongoing relevance of the Company's investment objective; 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 Company also has a portfolio of investments which provides a level of cash receipts in the form of dividends and which are considered to be relatively realisable if required.

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;
- the Company's ability to meet its liabilities as they fall due;
- portfolio risk profile;
- share price discount to NAV;
- gearing; and
- counterparty exposure and liquidity risk.

The Company has a relatively liquid portfolio and largely fixed overheads (excluding performance fees) which comprise a very small percentage of net assets (1.1%). In addition, effective from 1 June 2015, the performance fee cap in the event that the NAV total return over the annual performance period is zero or positive was reduced from 2% to 1% of the Performance Fee Market Value and effective from 1 December 2015, the applicable percentage to be applied to the outperformance of the NAV total return over the benchmark return was reduced from 12.5% to 10%. Therefore, the Board has concluded that the Company would be able to meet its ongoing operating costs as they fall due.

The Board has also considered the current and potential future impact on the Company of the UK's decision to leave the European Union following the referendum held in June of this year. It has concluded that the Company's business model and strategy are not threatened by this event and therefore it does not believe that it represents a principal risk to the Company.

In reaching this conclusion the Board considered whether this event has, or would be likely to have, a significant impact on the Company's activities and whether or not the Investment Manager would be impeded in achieving its investment objectives as a result of the impact of the leave vote. The Board also considered the impact of potential changes in law, regulation, foreign exchange and taxation. However, due to the complexity and general lack of information available at present, it is challenging to accurately assess the future impact of the UK's exit from the European Union. Therefore, the Board intends to closely monitor the situation as it develops and will regularly reappraise its position.

Based on the results of their analysis, the Directors 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.

FUTURE PROSPECTS

The Board's main focus is on the achievement of capital growth and the future of the Company is dependent upon the success of the investment strategy. The outlook for the Company is discussed in the Chairman's Statement on page 6 and in the Investment Manager's Report on page 8.

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SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

As an investment trust, the Company has no direct social or community responsibilities. However, the Company believes that it is in shareholders' interests to consider human rights issues, 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 36.

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. The Board considers the Company's supply chain, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

GLOBAL GREENHOUSE GAS EMISSIONS FOR THE PERIOD 1 DECEMBER 2015 TO 30 NOVEMBER 2016

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

Directors, employees and gender representation

The Directors of the Company on 30 November 2016, all of whom – with the exception of Mr Samuel and Mr Pegge who were appointed during the year – held office throughout the year, are set out on pages 21 and 22. The Board recognises the importance of having a range of experienced Directors who, both individually and collectively, possess a suitable balance of skills, knowledge and diversity to enable it to fulfil its obligations. As at 30 November 2016, the Board consisted of six men and one woman.

The Company has no employees and all of its Directors are non-executive. Therefore, there are no disclosures to be made in respect of employees.

The information on pages 16 to 20 including the Investment Manager's Report on pages 7 and 8 forms part of this Strategic Report.

The Strategic Report was approved by the Board at its meeting on 10 February 2017.

BY ORDER OF THE BOARD

KEVIN MAYGER, FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED

Company Secretary
10 February 2017

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Portfolio

Fifty largest investments as at 30 November 2016

Company		Market value £'000	% of net assets	Description
CVS Group*	Ordinary Shares Long CFD position	8,460 1,990	3.5	Operation of veterinary surgeries
4imprint Group	Ordinary Shares Long CFD position	8,108 1,502	3.2	Supply of promotional merchandise in the US
JD Sports Fashion	Ordinary Shares Long CFD position	5,471 2,763	2.7	Retail supply of sports and leisure footwear and clothing
Dechra Pharmaceuticals	Ordinary Shares Long CFD position	5,956 1,529	2.5	Development and supply of pharmaceutical and other products focused on the veterinary market
Hill & Smith	Ordinary Shares Long CFD position	5,957 612	2.2	Production of infrastructure products and supply of galvanizing services
Avon Rubber	Ordinary Shares	6,152	2.0	Production of safety masks and dairy related products
Accesso Technology*	Ordinary Shares Long CFD position	4,243 1,200	1.8	Development and supply of ticketing and virtual queuing solutions
Cineworld Group	Ordinary Shares Long CFD position	3,607 1,772	1.8	Operation of cinemas
Workspace Group	Ordinary Shares Long CFD position	4,841 423	1.7	Supply of flexible workspace to businesses in London
Restore*	Ordinary Shares Long CFD position	3,992 844	1.6	Management of business information in both paper and digital form
Advanced Medical Solutions*	Ordinary Shares Long CFD position	3,916 884	1.6	Development and manufacture of wound care and closure products
Johnson Service Group*	Ordinary Shares Long CFD position	2,958 1,741	1.6	Provision of textile related services
Savills	Ordinary Shares Long CFD position	3,943 697	1.5	Provision of property services
Marshalls	Ordinary Shares Long CFD position	3,979 546	1.5	Manufacturing and sale of concrete stone paving and related products
Headlam Group	Ordinary Shares	4,434	1.5	Distribution of carpets and other floor coverings
Fevertree Drinks*	Ordinary Shares Long CFD position	3,670 488	1.4	Development and sale of soft drinks and mixers
RPC Group	Ordinary Shares Long CFD position	1,462 2,486	1.3	Design and manufacturing of plastic packaging
KAZ Minerals	Ordinary Shares	3,828	1.3	Copper mining
Bodycote	Ordinary Shares	3,734	1.2	Provision of thermal processing services
Trifast	Ordinary Shares	3,676	1.2	Manufacturing and distribution of industrial fastenings
Scapa*	Ordinary Shares Long CFD position	2,699 922	1.2	Manufacturing of adhesive products
Fuller Smith & Turner	Ordinary Shares Long CFD position	3,101 413	1.1	Ownership and operation of pubs mainly in the London area
Ocean Wilsons	Ordinary Shares	3,353	1.1	Port servicing and related manufacturing
Costain Group	Ordinary Shares Long CFD position	1,795 1,521	1.1	Provision of engineering solutions for energy, water and transportation applications
Centamin	Ordinary Shares	3,189	1.1	Mineral exploration, development and mining
Sanne	Ordinary Shares Long CFD position	2,450 728	1.0	Provision of corporate, fund and private client administration, reporting and fiduciary services

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Company		Market value £'000	% of net assets	Description
Hansteen Holdings	Ordinary Shares	3,099	1.0	Ownership of industrial property
888 Holdings	Ordinary Shares Long CFD position	2,391 703	1.0	Provision of online gaming entertainment and solutions
St. Modwen Properties	Ordinary Shares	3,091	1.0	Investment and development of property
Petra Diamonds	Ordinary Shares	3,078	1.0	Diamond mining
Hiscox	Ordinary Shares Long CFD position	2,527 546	1.0	Provision of insurance services
Polar Capital Holdings*	Ordinary Shares	3,024	1.0	Provision of investment management services
Robert Walters	Ordinary Shares	2,989	1.0	Provision of specialist recruitment services
Next Fifteen Communications*	Ordinary Shares	2,965	1.0	Provision of digital communication products and services
Big Yellow	Ordinary Shares	2,963	1.0	Provision of self storage services
Saga	Ordinary Shares Long CFD position	2,124 787	1.0	Supply of financial services to older persons
Safestore Holdings	Ordinary Shares Long CFD position	2,208 685	1.0	Ownership and operation of self storage facilities
Wilmington	Ordinary Shares	2,888	1.0	Provision of professional services and publications
YouGov*	Ordinary Shares Long CFD position	2,019 828	1.0	Provision of research and consultancy services
Keywords Studios*	Ordinary Shares	2,813	0.9	Provision of services to the global video games industry
GB Group*	Ordinary Shares	2,801	0.9	Development and supply of identity verification solutions
Topps Tiles	Ordinary Shares Long CFD position	2,487 257	0.9	Sourcing and retail of ceramic tiles
Photo-Me International	Ordinary Shares Long CFD position	1,913 817	0.9	Provision of photo booths and instant vending equipment
Cairn Energy	Ordinary Shares	2,685	0.9	Exploration for oil
Diploma	Ordinary Shares	2,680	0.9	Provision of specialised technical products and services
Novae	Ordinary Shares Long CFD position	1,913 746	0.9	Provision of insurance and reinsurance services
Morgan Sindall	Ordinary Shares	2,644	0.9	Supply of office fit out, construction and urban regeneration services
City of London Investment Group	Ordinary Shares	2,559	0.8	Provision of investment management services
Tyman	Ordinary Shares	2,544	0.8	Manufacturing and supply of window and door components
Melrose Industries	Long CFD position	2,526	0.8	Purchasing and improvement of manufacturing businesses
50 largest investments		**200,335**	**66.3**	

* Traded on the Alternative Investment Market (AIM) of the London Stock Exchange.
Net portfolio is calculated as long only equity portfolio plus long CFD portfolio less short CFD portfolio. All investments are in equity shares unless otherwise stated.
At 30 November 2016, the Company did not hold any equity interest representing more than 3% of any company's share capital.
A list of the Company's long only equity portfolio and long CFD portfolio is available on the Company's website.

Portfolio

Fifty largest investments as at 30 November 2016 continued

2015 COMPARATIVE FOR TEN LARGEST INVESTMENTS

Company		30 November 2015 market value £'000	% of net assets
CVS Group	Ordinary shares Long CFD position	6,414 1,711	2.8
4imprint Group	Ordinary shares Long CFD position	6,436 1,682	2.8
Workspace Group	Ordinary shares Long CFD position	5,612 1,493	2.5
Rathbone Brothers	Ordinary shares Long CFD position	5,838 1,059	2.4
JD Sports Fashion	Ordinary shares Long CFD position	4,416 2,435	2.4
Savills	Ordinary shares Long CFD position	5,368 654	2.1
Topps Tiles	Ordinary shares Long CFD position	5,045 966	2.1
Avon Rubber	Ordinary shares	5,937	2.1
Ted Baker	Ordinary shares Long CFD position	4,864 806	2.0
Dechra Pharmaceuticals	Ordinary shares Long CFD position	4,442 786	1.8

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Portfolio

Fair value and gross market exposure of investments

Portfolio	Fair value[1]	Gross market exposure[2]	Gross market exposure as a % of net assets[3] 2016	Gross market exposure as a % of net assets[3] 2015
	£'000	£'000		
Equity investments (excluding BlackRock's Institutional Cash Fund) and CFDs	297,072	297,072	98.5	100.3
Total long CFD positions	1,875	56,467	18.7	14.9
Total short CFD positions	30	(23,260)	(7.7)	(9.2)
Total investments	298,977	330,279	109.5	106.0
Cash and cash equivalents[4]	119	(31,184)	(10.3)	(5.7)
BlackRock's Institutional Cash Fund[4]	5,390	5,390	1.8	0.8
Other net current liabilities	(2,939)	(2,938)	(1.0)	(1.1)
Net assets	301,547	301,547	100.0	100.0

1. Fair value is determined as follows:
   - Listed and AIM quoted investments are valued at bid prices where available, otherwise at published price quotations.
   - The sum of the fair value column for the CFD contracts represents the fair valuation of all the CFD contracts, which is determined based on the difference between the purchase price and value of the underlying shares in the contract (in effect the unrealised gains/(losses) on the exposed positions). The cost of purchasing the securities held through long CFD positions directly in the market would have amounted to £54,592,000 at the time of purchase, and subsequent market rises in prices have resulted in unrealised gains on the CFD contracts of £1,875,000, resulting in the value of the total market exposure to the underlying securities rising to £56,467,000 as at 30 November 2016. The notional price of selling the securities to which exposure was gained via the short CFD positions would have been £23,290,000 at the time of entering into the contract, and subsequent price changes have resulted in unrealised gains on the short CFD positions of £30,000 and the value of the market exposure of these investments decreasing to £23,260,000 at 30 November 2016. If the short position had been closed on 30 November 2016 this would have resulted in a gain of £30,000 for the Company.
2. Market exposure in the case of equity investments is the same as fair value. In the case of CFDs it is the market value of the underlying shares to which the portfolio is exposed via the contract.
3. % based on the total market exposure.
4. The gross market exposure column for Cash and Cash Fund investments has been adjusted to assume the Company purchased direct holdings rather than exposure being gained through CFDs.

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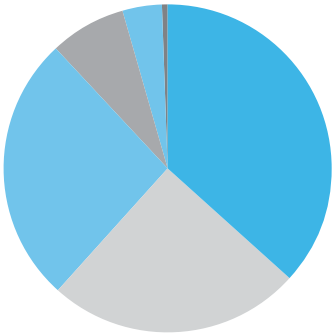
Portfolio

Distribution of Investments as at 30 November 2016

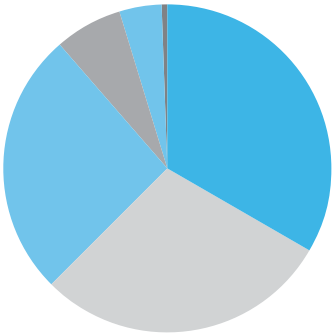
PORTFOLIO BY MAIN INDEX MEMBERSHIP AT 30 NOVEMBER 2016

Gross Basis[1]



FTSE 250 **36.7%**
FTSE Small Cap **25.2%**
FTSE AIM **26.3%**
Other **7.5%**
International **3.9%**
FTSE Fledgling **0.4%**

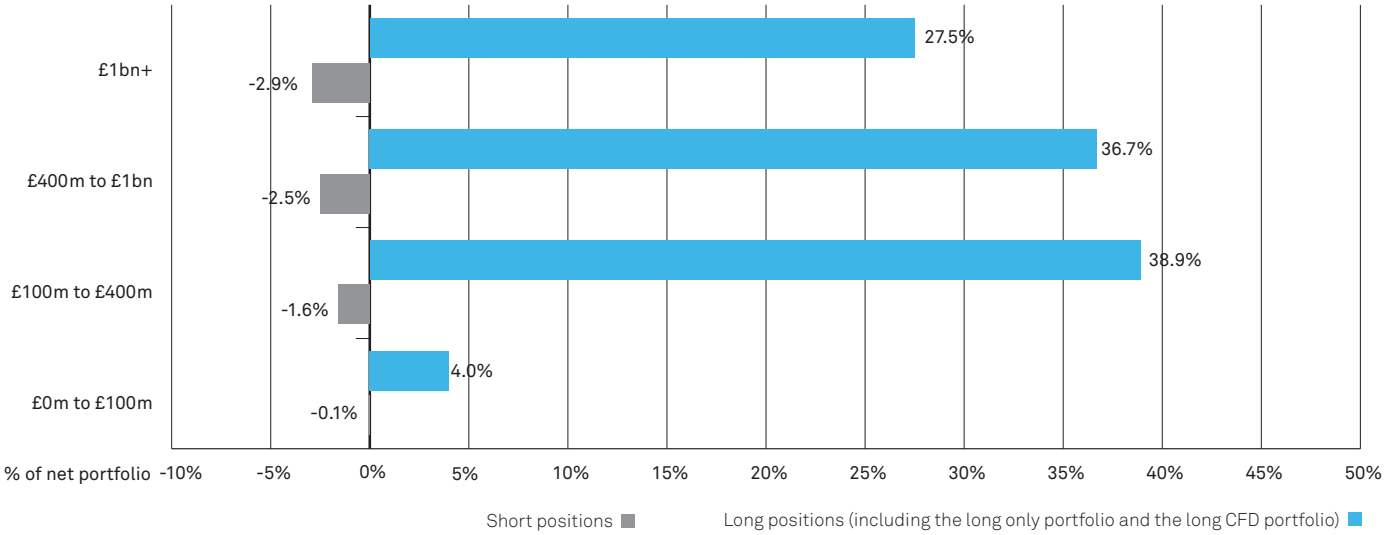
Net Basis[2]



FTSE 250 **33.5%**
FTSE AIM **29.2%**
FTSE Small Cap **26.1%**
Other **6.6%**
International **4.2%**
FTSE Fledgling **0.4%**

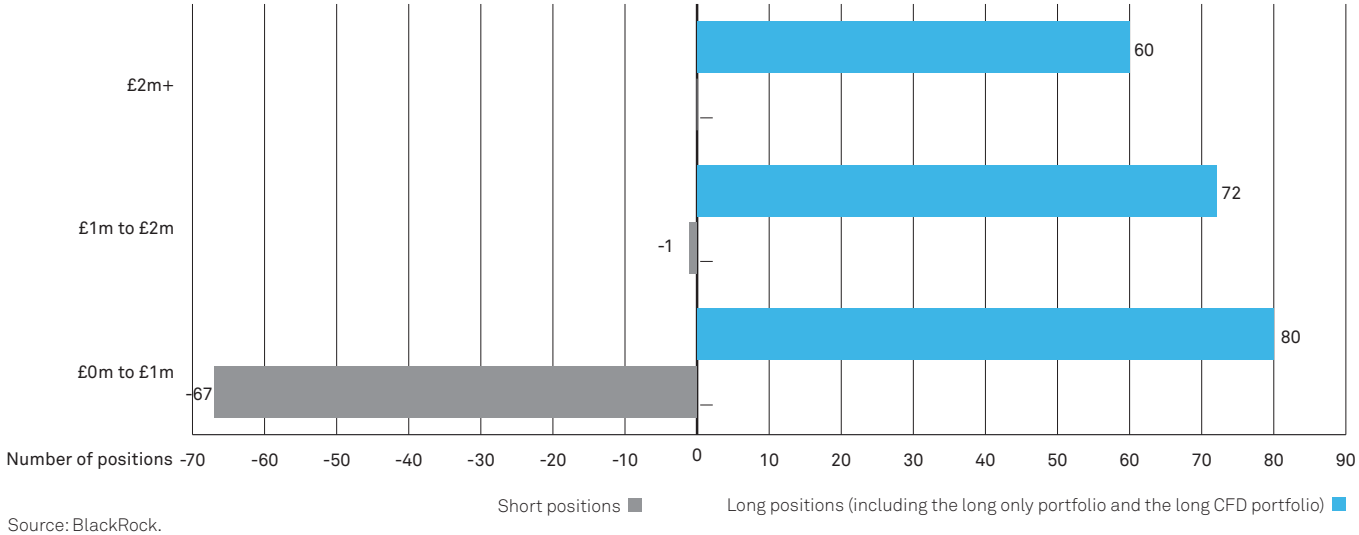
Source: BlackRock.
1. Long and short CFD portfolios in aggregate plus long only equity portfolio excluding investment in BlackRock's Institutional Cash Series plc – Sterling Liquidity Fund.
2. Long CFD portfolio less short CFD portfolio plus long only equity portfolio excluding investment in BlackRock's Institutional Cash Series plc – Sterling Liquidity Fund.

MARKET CAPITALISATION AS AT 30 NOVEMBER 2016



Source: BlackRock.

POSITION SIZE AS AT 30 NOVEMBER 2016



Source: BlackRock.

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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, the Company has no employees, the Directors are all non-executive and the investment management and administration functions are outsourced to the Manager and other service providers.

The Board

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

Chairman: Lord Latymer (since March 2012)

6 scheduled meetings per annum

Objectives:

- To determine and review the 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 establish the Company's remuneration policy and keep it under review.

Committees

Audit Committee

3 scheduled meetings per annum

Membership: All NEDs, except Lord Latymer.

Chairman: Eric Stobart (since 2005)

Key objectives:

- To oversee financial reporting;
- To review the reporting of the auditor and the effectiveness of the audit;
- To consider the adequacy of the control environment and to review the Company's risk register; and
- To review the other service providers.

Management Engagement Committee

1 scheduled meeting per annum

Membership: All NEDs.

Chairman: Lord Latymer (since March 2012)

Key objectives:

- To be responsible for the annual review of the performance of the Manager and Investment Manager; and
- To ensure that the provisions of the management agreement follow industry practice, remain competitive and are in the best interest of shareholders.

Nomination Committee

1 scheduled meeting per annum

Membership: All NEDS.

- To make recommendations for any new appointments.

Directors

Lord Latymer

Chairman,
Appointed a Director in March 2007 and became Chairman in March 2012. He is a non-executive director of Manek Investment Management Limited, a member of the advisory board of Cloisters Ventures and a trustee of the Astor Foundation. He spent much of his career in banking in London and New York, including periods at Bankers Trust, Paine Webber and Coutts. He retired from Cazenove Capital Management in 2009.

Attendance record:
Board: 6/6
Audit Committee: 3/3
Management Engagement Committee: 1/1
Nomination Committee: 3/3

Eric Stobart

Audit Committee Chairman,
Appointed November 2004
has spent most of his career in merchant and commercial banking, lately as Director of Public Policy and Regulation for Lloyds Banking Group plc. He is a non-executive director of Capita Managing Agency Limited, UIL Limited and UIL Finance Limited. He is also a trustee of the Anglian Water Group Pension Scheme, Dixons Retail Pension Scheme and chairman of Lloyd's Superannuation Fund. Until recently he was a trustee of the Lloyds Bank Pension Scheme, chairing its Investment and Funding Committee. He is a Chartered Accountant with an MBA from London Business School.

Attendance record:
Board: 6/6
Audit Committee: 3/3
Management Engagement Committee: 1/1
Nomination Committee: 3/3

Simon Beart

Appointed March 2007
is a director of Guardian Security, Spy Alarms Limited, and was previously chief executive of Revenue Assurance and Managed Support Services plc since December 2007. Simon qualified as a chartered accountant in 1984 and acted as a financial adviser for a number of UK and US investment banks until 1992 when he co-founded the international packaging supplier Britton Group plc.

Attendance record:
Board: 6/6
Audit Committee: 3/3
Management Engagement Committee: 1/1
Nomination Committee: 3/3

Loudon Greenlees

Appointed March 2014
He was Chief Financial Officer and Chief Operating Officer of Thames River Capital from 1999 until 2007 and then Commercial Director until May 2013, prior to this he had been Group Finance Director and Chief Operating Officer of Rothschild Asset Management and Group Finance Director of Baring Asset Management. He is a Chartered Accountant.

Attendance record:
Board: 6/6
Audit Committee: 3/3
Management Engagement Committee: 1/1
Nomination Committee: 3/3

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Governance

Governance structure and Directors' biographies continued

Directors

Jean Matterson

Appointed July 2012
is a partner of Rossie House Investment Management which specialises in private client portfolio management with particular emphasis on investment trusts. She was previously with Stewart Ivory & Co for 20 years, as an investment manager and a director. She is chairman of Pacific Horizon Investment Trust plc and a director of Capital Gearing Trust plc.

Attendance record:
Board: 6/6
Audit Committee: 3/3
Management Engagement Committee: 1/1
Nomination Committee: 3/3

Chris Samuel

Appointed 1 June 2016
was chief executive of Ignis Asset Management from 2009 until its sale to Standard Life Investments in 2014. He was previously chief operating officer at Gartmore and Hill Samuel Asset Management and was a partner at Cambridge Place Investment Management. He is a non-executive director of the Alliance Trust plc, JPMorgan Japanese Investment Trust plc, UIL Finance Limited, UIL Limited and is Chairman of Defaqto. He graduated from Oxford with an MA in Philosophy, Politics and Economics. He qualified as a Chartered Accountant with KPMG.

Attendance record[1]:
Board: 3/6
Audit Committee: 2/3
Management Engagement Committee: 1/1
Nomination Committee: 2/3

Andrew Pegge

Appointed 29 November 2016
is a fund manager with a background in corporate governance. He started his career with Laurentian Fund Management in London, moving on to Buchanan Partners Limited, one of the first London based hedge funds in London in 1990. In 1995 Mr Pegge established Regent Kingpin Capital Management, then after a consultancy role at the Isle of Man Financial Supervision Commission, he established Laxey Partners Limited. He is currently on the Supervisory Board of a Polish listed real estate development company; several fund management firms, several open-ended investment funds, a private commercial property investment group and a hotel business. Mr Pegge holds a BA in Psychology and Cognitive Studies, an MBA and is a Chartered Financial Analyst.

Attendance record[2]:
Board: N/A
Audit Committee: N/A
Management Engagement Committee: N/A
Nomination Committee: N/A

1. Mr Samuel has attended all meetings since his appointment on 1 June 2016.
2. Mr Pegge was appointed on 29 November 2016, after the final Board and Committee meetings held in the financial year ended 30 November 2016.

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.

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Governance

Directors' report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 30 November 2016.

STATUS OF THE COMPANY

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

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

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of the Alternative Investment Fund Managers Directive (AIFMD). The Company is governed by the provisions of the European Union (Alternative Investment Fund Managers) Regulations 2013. The 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 Financial Conduct Authority (FCA). Further details are set out on the BlackRock website at blackrock.co.uk/thrg, the Regulatory Disclosures section on pages 75 and 76 and in the notes to the financial statements on pages 60 to 69.

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

FACILITATING RETAIL INVESTMENTS

The Company currently conducts its affairs so that its shares can be recommended by IFAs 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

New tax legislation under The OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (The Common Reporting Standard) was introduced on 1 January 2016.

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

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

DIVIDENDS

Details of dividends paid and payable are set out in the Chairman's Statement on page 5.

INVESTMENT MANAGEMENT AND ADMINISTRATION

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

BlackRock Investment Management (UK) Limited (BIM (UK)) continues to act as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year.

BFM receives a basic management fee, payable quarterly in arrears, of 0.7% per annum on the gross asset value of the Company's long only portfolio plus the gross value of the underlying equities, long and short, to which the Company is exposed through its CFD portfolio. BFM is also entitled to a performance fee of 10% of any outperformance of the net asset value total return (before management and performance fees) against the benchmark index. The performance fee cap in the event that the NAV Return over the annual performance period is zero or positive is 1% of the Performance Fee Market Value. For the year ended 30 November 2016 a performance fee of £768,000 was payable to the Manager. The Board believes that the current fee structure and performance fee has been appropriate for an investment company in this sector, however, the fees borne by the Company are subject to regular review.

'NAV Return' is defined as the annualised percentage difference between the value at risk of the Company on the first business day of the relevant Performance Period and the Performance Fee Market Value per share (on an undiluted basis) as at the last business day of the relevant Performance Period. The value at risk and Gross Assets are defined as the gross asset value of the long only portfolio plus the gross value of the underlying equities, long and short, to which the Company is exposed through derivatives including CFDs.

'Performance Fee Market Value' is defined as the average of the gross assets of the Company shown in the Investment Manager's valuations as at the last Business Day of each

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calendar month in the period preceding the relevant Calculation Date (including uninvested cash and investments in all In-House Funds).

Further details are disclosed in note 4 on page 54.

No penalty on termination of the investment management agreement is payable by the Company in the event that six months' written notice is given to BFM. There are no provisions relating to payment of fees in lieu of notice.

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, represented 0.025% per annum of its net assets (£291.2 million) as at 31 December 2015 and this contribution is matched by BIM (UK). For the year ended 30 November 2016, £92,000 (including VAT) has been accrued in respect of these initiatives. 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 benefits of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

BFM and BIM (UK) are subsidiaries of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm. The PNC Financial Services Group, Inc. has a significant economic interest in BlackRock, Inc. PNC Financial Services Group, Inc. is a US public 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 the annual review, the Board considers the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Board believes that the continuing appointment of BFM (the Manager) as AIFM, and the delegation of investment management services to BIM (UK) (the Investment Manager), on the terms disclosed above, is in the interests of shareholders as a whole. The specialist nature of the Company's investment remit is, in the Board's view, best served by the UK Smaller Companies team at BlackRock, which has a proven track record in successfully investing in this sector.

DEPOSITARY AND CUSTODIAN

The Company appointed BNY Mellon Trust & Depositary (UK) Limited (BNYMTD or the Depositary) with effect from 2 July 2014. Their duties and responsibilities are outlined in the investment fund legislation (as contained in the FCA AIF Rulebook). The main role of the Depositary under AIFMD is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring that 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 in a tripartite agreement to which BFM as AIFM is also a signatory. The Depositary is also liable for loss of financial instruments held in custody.

Under the depositary agreement, custody services in respect of the Company's assets have been delegated to the 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. Custody fees of £7,000 (2015: £7,000) were paid to BNYM. The depositary agreement is subject to 90 days' notice of termination by any party.

REGISTRAR

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

The Registrar receives a fixed fee, plus disbursements and VAT. The fee applies for the three years that commenced on 1 July 2013 and continues to apply for the current financial year. Fees in respect of corporate actions are negotiated as and when they arise. Registrar fees of £33,000 (2015: £31,000) were paid to the Registrar.

CFD COUNTERPARTIES

The Company transacts with multiple counterparties for transacting in CFDs. At 30 November 2016, the Company had master agreements with Bank of America Merrill Lynch International, Credit Suisse, Deutsche Bank AG and JPMorgan Chase Bank, N.A., to enable the Company to gain long and short exposure on individual securities through CFDs. Further details are given in note 17 on page 65.

CHANGE OF CONTROL

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

EXERCISE OF VOTING RIGHTS IN INVESTEE COMPANIES

The exercise of voting rights attached to the Company's portfolio has been delegated to the Investment Manager by BFM. BIM (UK)'s approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BIM (UK) believes that sound corporate governance practices by companies

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contribute to their long term financial performance and thus to better risk adjusted returns. BIM (UK)'s proxy voting process is led by its Corporate Governance and Responsible Investment team, located in six offices around the world. In addition to its own professional staff, the Corporate Governance and Responsible Investment team draws upon the expertise of BIM (UK)'s portfolio managers, researchers and other internal and external resources globally.

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

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

During the year under review, the Investment Manager voted on 1,868 proposals at 155 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 18 management resolutions and abstained or withheld from voting on 10 resolutions. Most of the votes against were in respect proposals which contained insufficient disclosure for the Investment Manager to make an informed decision, or in respect of executive remuneration packages which were considered to be poorly structured.

PRINCIPAL RISKS

The key risks faced by the Company are set out in the Strategic Report on pages 11 to 13.

GOING CONCERN

The financial statements of the Company have been prepared on a going concern basis. The forecast projections and actual performance are reviewed on a regular basis throughout the year and the Directors believe that this is the appropriate basis and the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date these financial statements were approved, and is financially sound. The Company is able to meet all of its liabilities from its assets and the ongoing charges (excluding performance fees) are approximately 1.1% of the net assets.

DIRECTORS

The Directors of the Company as at 30 November 2016 and their biographies are set out on pages 21 and 22. Details of Directors' interests in the ordinary shares of the Company are set out in the Directors' Remuneration Report on page 32. All of the Directors held office throughout the year under review.

All appointments to the Board and re-elections of Directors are carried out in accordance with the Companies Act and the Company's Articles of Association. The Company's Articles of Association provide that one third of Directors retire by rotation each year. In addition, each Director shall retire and offer himself for re-election at intervals of no more than three years. The Board may also appoint Directors but any Director so appointed must stand for election by the shareholders at the next Annual General Meeting. Directors are also required to retire if they have served more than nine years on the Board and then may offer themselves for annual re-election.

At the Annual General Meeting (AGM) to be held on 22 March 2017, Mr Beart and Mr Greenlees will retire by rotation and offer themselves for re-election. Lord Latymer, being a long serving Director, will also retire and stand for re-election. Mr Samuel and Mr Pegge, being new Directors appointed by the Board during the year, will both stand for election by shareholders. Having served as a Director of the Company since November 2004, Mr Stobart has decided that he will not stand for re-election at this year's AGM and will therefore retire from the Board of the Company at its conclusion.

In addition, the Chairman, Lord Latymer, who has been a Director since March 2007 and Chairman of the Board since March 2012, has declared that he intends to retire from the Board in July 2017 following the publication of the Company's half-yearly report. As mentioned in the Chairman's statement on page 6, Mr Samuel will succeed him as Chairman of the Board from the date of his retirement.

The Board has considered the position of all Directors standing for election or re-election at the AGM and believes that it is in the Company's best interests to support the respective resolutions. The Board therefore recommends that shareholders vote in favour of these resolutions.

Having considered the Directors' performance within the annual Board performance evaluation process, further details of which are provided on page 34, the Board believes that it continues to be effective and that the Directors bring extensive knowledge and experience, suitably aligned to the activities of the Company, and demonstrate a range of valuable business, financial and asset management skills.

Further details of the independence of the Board and Board tenure is provided in the Corporate Governance Report on pages 33 and 34.

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

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takeover of the Company. None of the Directors has a service contract with the Company.

CONFLICTS OF INTEREST

The Board has put in place a framework for Directors to report conflicts of interest or potential conflicts of interest.

All Directors are required to notify the Company Secretary of any situations, or potential situations where they consider that they have or may have, a direct or indirect interest or duty that conflicts or possibly conflicts with the interests of the Company.

All new situations, or changes to previously reported situations are reviewed on an individual basis and reviewed at each meeting. Directors are also reminded at each meeting that there remains a continuing obligation to notify the Company Secretary of any new situations that may arise or any changes that may occur to a previously notified situation. The Board considers that the framework has worked effectively throughout the year.

DIRECTORS' REMUNERATION REPORT AND POLICY

The Directors' Remuneration Report is set out on pages 29 to 32. An advisory ordinary resolution to approve this report will be put to shareholders at the Company's AGM. The Company is also required to put the Director's Remuneration Policy to a binding shareholder vote every three years. The Company's Remuneration Policy was last put to shareholders at the AGM in 2014, therefore, an ordinary resolution to approve the policy will be put to shareholders at this year's AGM. Further details are given on page 27.

DIRECTORS' RESPONSIBILITIES

The Directors' responsibilities in preparing these financial statements are noted on page 42.

SUBSTANTIAL SHARE INTERESTS

As at 30 November 2016 and as at the date of this report, the following investors had declared a notifiable interest of 3% or more in the Company's voting rights.

	Number of ordinary shares	% of issued share capital
Investec Wealth & Investment Limited	10,462,726	14.3%
Brewin Dolphin	5,161,102	7.1%
Rathbone Brothers plc	4,634,194	6.3%
BlackRock, Inc.	3,659,044	5.0%
City of Bradford Metropolitan District Council	2,954,000	4.0%
Prudential plc group of companies	2,898,992	3.9%

The Board is aware that as at 30 November 2016, 0.6% of the Company's ordinary share capital was held through the BlackRock Investment Trust Savings Plan and NISA. As at the date of this report this figure was 0.6%.

SHARE CAPITAL

Details of the Company's share capital and voting rights are given in note 15 on page 59. Details of the voting rights in the Company's shares as at the date of this report are also given in note 15 to the Notice of Annual General Meeting on page 80.

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 or on the transfer of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company.

SHARE ISSUES AND 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 ordinary shares for cash. No ordinary shares were purchased or issued during the year. The Directors consider that it is in the interests of shareholders as a whole that the price of the ordinary shares reflects, as closely as possible, the NAV per share. The Directors will continue to consider the issue or repurchase of ordinary shares to correct any supply/demand imbalance in the market. Any such issues or repurchases will enhance the NAV per share for continuing shareholders.

The current authority to repurchase ordinary shares was granted to Directors on 23 March 2016 and expires at the conclusion of the AGM in 2017. The Directors are proposing that their authority to buy back shares to be held in treasury, or for cancellation, and to issue new shares or sell shares from treasury be renewed at the forthcoming AGM.

Although the Manager initiates any buy backs, the policy and parameters would be set by the Board and reviewed at regular intervals. If needed, the Company would raise any cash required to finance the purchase of such shares either by selling securities in the Company's portfolio or by short term borrowing.

TREASURY SHARES

The Company is authorised to purchase its own ordinary shares to be held in treasury for reissue or cancellation at a future date. As at 30 November 2016, 7,400,000 ordinary shares were held in treasury (2015: 7,400,000 shares).

Treasury shares will only be reissued at prices at or above the prevailing NAV per share thereby giving the Company the ability to reissue shares quickly and cost effectively, improving liquidity and providing the Company with additional flexibility in the management of its capital base. It also ensures a positive overall effect for shareholders when shares are bought back at a discount and then sold at a price at or above the NAV per share.

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ARTICLES OF ASSOCIATION

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

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 including the form of proxy, at once 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 AGM consists of 14 resolutions. Resolutions 1 to 12 are proposed as ordinary resolutions and resolutions 13 and 14 are being proposed as special resolutions.

Ordinary Resolution 1 – Annual Report and Financial Statements

This resolution seeks shareholder approval of the report of the Directors and financial statements for the year ended 30 November 2016 and the Auditors' report thereon.

Ordinary Resolution 2 – Approval of the Directors' Remuneration Report

This resolution is an advisory vote on the Directors' Remuneration Report, excluding any content relating to the proposed future remuneration policy as set out in the policy table on page 30.

Ordinary Resolution 3 – Approval of the Directors' Remuneration Policy

This resolution seeks shareholder approval of the Company's remuneration policy and is a triennial binding vote. As required under applicable law and regulation, the Company is seeking approval of its remuneration policy as set out in the future policy table on page 30. The remuneration policy will take effect immediately upon approval by shareholders and will continue to apply for the next three years, unless amended by the Company in general meeting at an earlier date.

Ordinary Resolution 4 – Approval of a final dividend

This resolution seeks shareholder approval of a final dividend of 6.25 pence for the year ended 30 November 2016.

Ordinary Resolutions 5 to 9 – Election and re-election of the Directors

Resolutions 5 to 9 relate to the election of two new Directors and the re-election of three existing Directors. The Board has undertaken a formal performance evaluation during the year and confirms that the performance of the Directors standing for re-election continues to be effective and that each Director continues to demonstrate commitment to their role.

Ordinary Resolutions 10 and 11 – Re-appointment of the external Auditor and the Auditor's Remuneration

These resolutions relate to the re-appointment and remuneration of the Company's auditor. The Company, through its Audit Committee, has considered the independence and objectivity of the external auditor and is satisfied that the Auditor remains independent. Further information in relation to the assessment of the Auditor's independence can be found in the report of the Audit Committee on page 40.

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM.

Ordinary Resolution 12 – Authority to allot ordinary 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 £365,651 per annum, which is equivalent to 7,313,032 ordinary shares of 5p each and represents 10% of the Company's issued ordinary share capital (excluding treasury shares) as at the date of the Notice of the AGM. This resolution will expire at the conclusion of the next AGM of the Company to be held in 2018 unless renewed prior to that date at an earlier general meeting.

Special Resolution 13 – 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 13 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 £365,651 which is equivalent to 7,313,032 ordinary shares of 5p each and represents 10% of the Company's issued ordinary share capital (excluding treasury shares) as at the date of the Notice of the AGM. This resolution will expire at the conclusion of the next AGM of the Company to be held in 2018 unless renewed prior to that date at an earlier general meeting.

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Special Resolution 14 – Authority to buy back ordinary shares

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

The Directors are seeking authority to purchase up to 10,962,235 ordinary shares (being 14.99% of the issued ordinary share capital excluding treasury shares as at the date of this report). This authority, unless renewed at an earlier general meeting, will expire at the conclusion of the next Annual General Meeting of the Company to be held in 2018.

Any ordinary shares purchased pursuant to this resolution shall be cancelled immediately upon completion of the purchase or held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act.

RECOMMENDATION

The Board considers that each of the resolutions to be proposed at the Annual General Meeting, is likely to promote the success of the Company for the benefit of its members as a whole 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 these resolutions as they intend to do in respect of their own beneficial holdings.

LIVE STREAMING

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

Further details are provided on page 74.

CORPORATE GOVERNANCE

Full details are given in the Corporate Governance Statement on pages 33 to 37. The Corporate Governance Statement forms part of this Directors' Report.

AUDIT INFORMATION

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

AUDITOR

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

The Directors' Report was approved by the Board at its meeting on 10 February 2017.

BY ORDER OF THE BOARD

Kevin Mayger, for and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
10 February 2017

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Governance

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 30 November 2016 which has been prepared in accordance with sections 420-422 of the Companies Act 2006. The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the Independent Auditor's Report on pages 43 to 46.

STATEMENT BY THE CHAIRMAN

The Board's policy on remuneration is set out in the future policy table on page 30. A key element is that the fees paid 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 to promote the long term success of the Company whilst also reflecting the time commitment and responsibilities of the role.

Following a review in November 2016, the Board agreed to increase the Audit Committee Chairman's fee by £1,000 per annum to reflect the increasing responsibilities and workload required to effectively discharge the role. All other Directors' fees remain unchanged and are set out in the policy table on the following page. The Directors' remuneration was last increased on 1 December 2014.

REMUNERATION COMMITTEE

The Board as a whole fulfils the function of the Remuneration Committee, and considers any change in the Directors' remuneration policy. A separate Remuneration Committee has therefore not been established. The Company's Directors are all non-executive and are independent of the Manager.

POLICY REPORT

In setting the appropriate level of Directors' fees, a number of factors are considered, including:

- the average rate of inflation during the period since the last increase;
- the level of Directors' remuneration for other investment trusts of a similar size;
- the time commitment of the role; and
- the level and complexity of the Directors' responsibilities.

To ensure fees are set at an appropriate level, the Secretary provides a comparison of the 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' pay.

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 receive any non cash benefits or pension entitlements. 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 shareholders at each Annual General Meeting (AGM), and shareholders have the opportunity to express their views and raise any queries in respect of remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy. In the event that there was a substantial vote against any resolution proposed at the Company's AGM, the reasons for any such vote will be sought and appropriate action taken. Should there be a significant number of votes against resolutions in relation to the Directors' remuneration, further details will be provided in future Directors' Remuneration Reports.

In accordance with the Companies Act 2006, the Company has obtained shareholder approval at the Annual General Meeting in 2014 for its remuneration policy. The Company is also required to seek shareholder approval for the policy on a triennial basis. Consequently, an ordinary resolution for the approval of the remuneration policy, as set out in the future policy table on page 30, will be put to shareholders at the forthcoming AGM.

The new future policy, is set out in the table over the page and has been updated to reflect the application of the Directors' fees, effective from 1 December 2016, and includes a new disclosure of the Directors' ability to be paid discretionary fees for work undertaken which falls outside of the scope of their normal duties, pursuant to the Company's Articles of Association. No discretionary fees have been paid to Directors during the year and the payment of any such fees is expected to be a rare occurrence, only necessary in exceptional circumstances. Any discretionary fees paid to Directors will be clearly disclosed in the Directors' Remuneration Report, accompanied by an explanation of the work undertaken. The new policy will come into effect immediately following shareholder approval at the AGM and it is the intention of the Board that the policy will continue to apply for the next three financial years to 30 November 2019.

At the Company's Annual General Meeting held on 23 March 2016, 98.83% of votes cast were in favour of the resolution to approve the Directors' remuneration report in respect of the year ended 30 November 2015 and 0.17% votes cast against.

An ordinary resolution for the approval of the Company's existing remuneration policy was put to, and passed by, shareholders at the AGM held on 26 March 2014 with 99.8% of the votes cast in favour of the resolution. The previous remuneration policy approved by shareholders can be viewed in the Annual Report and Financial Statements for the year ended 30 November 2015.

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FUTURE POLICY TABLE

Purpose and link to strategy		Fees payable to Directors should be sufficient to attract and retain individuals of high calibre with knowledge and experience which Is suitably aligned to the activities of the Company. 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 Committee Chairman – £28,000 Directors – £24,000 All reasonable expenses to be reimbursed
Maximum		Remuneration consists of a fixed fee each year, set in accordance with the stated policies. The Company's Articles of Association provide that until otherwise determined by the Company by ordinary resolution, there shall be paid to the Directors (other than alternate Directors) such fees for their services in the office of Director as the Directors may determine (not exceeding in the aggregate an annual sum of £200,000 (subject to increase as provided below) or such larger amount as the Company may by ordinary resolution decide) divided between the Directors as they agree. In accordance with the provisions of the Company's Articles of Association the Directors are also entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors including any expenses incurred in attending meetings of the Board or of Committees of the Board or Annual General Meetings or General Meetings. There is a limit of £10,000 in relation to the amount payable in respect of taxable benefits.
Operation	Fixed fee element	The Board reviews the quantum of Directors' fees each year to ensure this is in line with the level of Directors' remuneration for other investment trusts of a similar size. When considering any changes in fees, the Board will take into account 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 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 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. In the event that any discretionary fees are paid to Directors, these will be disclosed in the Directors' remuneration 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.

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REMUNERATION IMPLEMENTATION REPORT

A single figure for the total remuneration of each Director is set out in the table below for the years ended 30 November 2016 and 30 November 2015:

	Year ended 30 November 2016			Year ended 30 November 2015		
Directors	Base salary £	Taxable benefits[3] £	Total £	Base salary £	Taxable benefits[3] £	Total £
Crispin Latymer (Chairman)	36,000	–	36,000	36,000	329	36,329
Simon Beart	24,000	–	24,000	24,000	203	24,203
Loudon Greenlees	24,000	–	24,000	24,000	233	24,233
Jean Matterson	24,000	2,757	26,757	24,000	3,295	27,295
Eric Stobart	27,000	–	27,000	27,000	288	27,288
Christopher Samuel[1]	12,000	–	12,000	n/a	n/a	n/a
Andrew Pegge[2]	132	–	132	n/a	n/a	n/a
Total	147,132	2,757	149,889	135,000	4,348	139,348

1. Appointed as a Director on 1 June 2016.
2. Appointed as a Director on 29 November 2016.
3. Taxable benefits relate to travel and subsistence costs.

The information in the above table has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors. At 30 November 2016, fees of £12,000 (2015: £nil) were outstanding to Directors in respect of their annual fees.

RELATIVE IMPORTANCE OF SPEND ON REMUNERATION

As the Company has no employees, the previous table represents the total remuneration costs and benefits paid by the Company. To enable shareholders to assess the relative importance of spend on remuneration, this has been shown in the table below compared with the Company's net profit on ordinary activities after taxation and dividend distributions.

	2016 £'000	2015 £'000	Change £'000
Directors' total remuneration	150	139	+11
Total dividends paid and payable	5,485	4,899	+586
Net profit on ordinary activities after taxation	20,213	54,325	-34,112

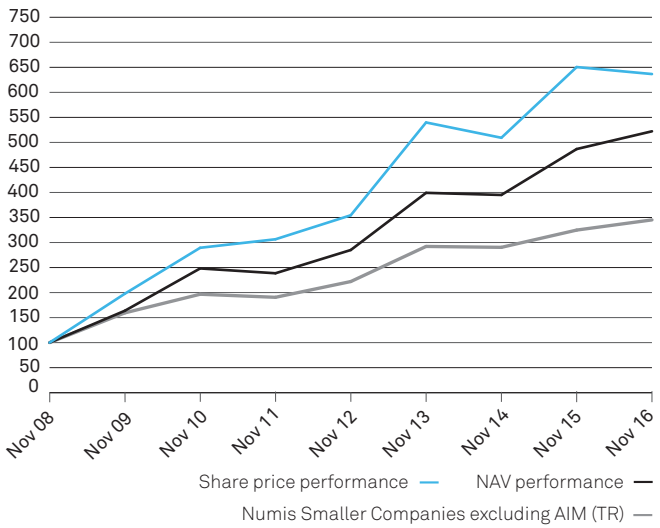
No payments were made in the period to any past Directors (2015: nil).

There are no agreements between the Company and its Directors concerning compensation for loss of office.

PERFORMANCE

The following graph compares the Company's NAV and share price total return with the total return on an equivalent investment in the Numis Smaller Companies excluding AIM (excluding Investment Companies) Index. This index has been selected for comparison purposes, as it was used as the benchmark against which performance was measured during the year.

PERFORMANCE FROM 30 NOVEMBER 2008 TO 30 NOVEMBER 2016



Total return performance record, rebased to 100 at 30 November 2008.
Sources: BlackRock and Datastream.

SHAREHOLDINGS

The Board has not adopted a policy that Directors are required to own shares in the Company.

The interests of the Directors and those connected to them, in the ordinary shares of the Company are set out in the table on page 32. The Company does not have a share option scheme therefore none of the Directors has an interest in share

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options. All of the Directors held office throughout the year under review.

	31 January 2017	30 November 2016	30 November 2015
	Ordinary shares	Ordinary shares	Ordinary shares
Crispin Latymer	33,378	33,295	32,060
Simon Beart	41,988[1]	41,433[3]	37,269[5]
Loudon Greenlees	10,000	10,000	10,000
Jean Matterson	46,000	46,000	39,500
Eric Stobart	24,893[2]	24,893[4]	23,935[6]
Christopher Samuel	6,500	6,500	n/a
Andrew Pegge	nil	nil	n/a

1. Including 13,217 shares held by Mrs Beart.
2. Including 12,506 shares held by Mrs Stobart.
3. Including 12,928 shares held by Mrs Beart.
4. Including 12,506 shares held by Mrs Stobart.
5. Including 10,821 shares held by Mrs Beart.
6. Including 11,548 shares held by Mrs Stobart.

The information in the table above has been audited.

All of the holdings of the Directors are beneficial. Since the year end there have been a number of changes to the Directors' share interests as shown in the table.

RETIREMENT OF DIRECTORS

Further details are given in the Directors' Report on page 25.

ON BEHALF OF THE BOARD

CRISPIN LATYMER
Chairman
10 February 2017

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Governance

Corporate governance statement

CHAIRMAN'S INTRODUCTION

Corporate governance is one of the processes by which the Board seeks to safeguard 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 the Company in a manner which is responsible and consistent with our belief in honesty, transparency and accountability. In our view, good governance means managing the 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). 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), 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 that the Company meets its continuing obligations. It should be noted that, as an investment trust, most of the Company's day-to-day responsibilities are delegated to third party service providers, the Company has no employees and the Directors are all non-executives, therefore not all 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 the accounting period, except for those 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.

For the reasons set out in the AIC Guide, and explained in the UK Code, the Board consider these provisions are not relevant to the position of the Company, being an externally managed investment company with no executive employees and, in relation to internal audit function, in view of BlackRock having an internal audit function.

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

THE BOARD

Board composition

The Board currently consists of seven non-executive directors, all of whom are independent of the Company's Manager. However, this is a higher number than usual as a result of the need for a degree of overlap and transition in accordance with the Board's succession planning arrangements. It is expected that the Board would ordinarily consist of five non-executive Directors.

The provision of the UK Code of Corporate Governance 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 also 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, the Board does not consider it necessary to nominate a senior independent director.

The Directors' biographies, on pages 21 and 22, demonstrate a breadth of investment knowledge, business and financial experience relevant to the Company's business which enables the Board 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 21.

Board independence and tenure

The Board's independence, including that of the Chairman, has been considered and all of the Directors are deemed to be independent in character and have no relationships or circumstances which are likely to affect their judgement.

The Board subscribes to the view expressed in the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that the length of a Director's tenure reduces his or her ability to act independently. The Board's policy on tenure is that continuity and experience add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors has been imposed, although the Board believes in the merits of periodic and progressive refreshment of its composition. It is therefore considered that Lord Latymer, Mr Beart and Mr Stobart, who have each served

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as a Director for over nine years, continue to be independent in both character and judgement.

Diversity

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

Directors' appointment, retirement and rotation

The Directors support a planned and progressive renewing of the Board. The Board's tenure and succession policy seeks to ensure that the Board remains well balanced at all times through the application of a formal succession plan, seeking to identify and appointment new Directors, as required, who possess a range of skills and experience which is aligned to the activities of the Company. Directors must also be able to demonstrate sufficient commitment to the Company, including the ability to commit sufficient time to effectively discharge their duties.

Directors' induction and training

When a new Director is appointed to the Board, he or she is provided with all the relevant information regarding the Company and their duties and responsibilities as a Director. In addition, a new Director will also spend some time with representatives of the Manager including the Portfolio Managers and the Company Secretary whereby he or she will become familiar with the various processes which are considered necessary for the performance of their duties and responsibilities.

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

Directors' liability insurance

The Company has maintained appropriate Directors' Liability Insurance cover throughout the year.

THE BOARD'S RESPONSIBILITIES

The Board is responsible to shareholders for the effective stewardship of the Company. 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, the buyback policy and corporate governance matters. In order to enable them to discharge their responsibilities effectively the Board has full and timely access to relevant information.

The Board currently meet at least six times a year to review investments, 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 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 Directors have direct access to company secretarial advice and the services of the Manager, through a nominated representative, who is responsible to the Board for ensuring that Board and Committee procedures are followed and that the Company complies with applicable rules and regulations. Where necessary, in the furtherance of their duties, the Directors may seek independent professional advice at the expense of the Company.

PERFORMANCE EVALUATION

In order to review the effectiveness of the Board, its Committees and the individual Directors, the Board carries out an annual appraisal process. The annual evaluation for the year ended 30 November 2016 has been carried out and took the form of written questionnaires and discussions between the Chairman and the Directors. The performance of the Chairman was reviewed by the other Directors, led by Mr Stobart. 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 issues arising from the evaluation process and it was agreed that the Board and its Committees were functioning effectively.

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)) (the Investment Manager). The contractual arrangements with the Manager are summarised on pages 23 and 24. 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 Manager has delegated the portfolio valuation, fund accounting and administration services to the Bank of New York Mellon (International) Limited.

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The review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at every Board Meeting. In addition, a formal review is undertaken annually, details of which are set out on page 24 of the Directors' Report.

The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is BNYM Mellon Trustee and Depositary (UK) Limited. The address at which the 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 approach to voting is set out on pages 24 and 25.

Committees of the Board

The Board has appointed a number of committees as set out below and on page 21. Copies of the terms of reference of each committee are available on request from the Company's registered office, on the BlackRock website at blackrock.co.uk/thrg and at each Annual General Meeting.

AUDIT COMMITTEE

The Audit Committee which is chaired by Eric Stobart consists of all the Directors of the Company, except Lord Latymer. Following Mr Stobart's retirement from the Board at the conclusion of the AGM to be held on 22 March 2017, Mr Greenlees will succeed him as Chairman of the Audit Committee. Further details are provided in the Report of the Audit Committee on pages 38 to 41 and on page 25.

NOMINATION COMMITTEE

The Nomination Committee which comprises all of the Directors is chaired by the Chairman of the Board.

The role of the Committee is to review Board structure, size and composition, the balance of knowledge, experience and skills range and to consider succession planning and tenure policy. Appointments of new Directors will be made on a formalised basis, with the Committee agreeing the selection criteria and the method of selection, recruitment and appointment. Board diversity, including gender, will be taken into account in establishing the criteria. The services of an external search consultant may be used to identify potential candidates. The Committee meets at least once a year and more regularly if required.

MANAGEMENT ENGAGEMENT COMMITTEE

The Management Engagement Committee, is chaired by Lord Latymer and comprises all of the Directors. The Committee annually reviews the appropriateness of the Manager's continued appointment, together with the terms and conditions thereof.

In addition to reviewing performance, the Manager is also assessed in relation to the quality of the fund management and administration teams, commitment to their investment trust business, strength of relationships with shareholders and the appropriateness of the management contract, including fees.

REMUNERATION COMMITTEE

The remuneration of the Chairman and Directors is determined by the Board. It is not considered necessary to have a separate Remuneration Committee as the Directors are not employed by and are not former employees of the Manager. Further details are provided in the Directors' Remuneration Report on pages 29 to 32 and on page 21.

INTERNAL CONTROLS

The Board is responsible for ensuring the establishment and maintenance of the Company's system of internal controls and for monitoring their adequacy and 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 companies. The Board reviews the effectiveness of the internal control systems on an ongoing basis 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 matter be categorised by the Board as significant, procedures exist to ensure that necessary action is taken to remedy the failing. The Board is not aware of any significant failings or weaknesses arising during 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 and Internal Control.

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 Committee (the Committee) formally reviews 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. 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 Service Organisation Control (SOC 1) reports respectively from BlackRock and Bank of New York Mellon on the internal controls of their respective operations, together with the opinion of their reporting accountants.

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The Board recognises that these control systems can only be designed to manage rather than to 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 at each Board meeting. The Board and the Investment Manager have agreed clearly defined investment criteria, and have 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.

INTERNAL AUDIT

The Company does not have its own internal audit function, as all the administration is delegated to the Manager. BlackRock's internal audit department reports to the Committee on an annual basis on the results of testing performed in relation to BlackRock's internal control processes. The Board monitors the controls in place through the Manager's internal audit department and considers that there is currently no need for the Company to have its own internal audit function although this matter is kept under review.

FINANCIAL REPORTING

The Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements is set out on page 42, the Independent Auditor's Report on pages 43 to 46 and the Statement of Going Concern on page 25.

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 region in which they invest.

The Company currently invests primarily in securities of UK smaller and mid-capitalisation companies which are listed on the main market of the London Stock Exchange. 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 include research and appraisal, and also take into account environmental policies and other business issues. The Company invests primarily on financial grounds to meet its stated objectives.

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

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 very seriously and BlackRock has anti-bribery policies and procedures in place which are high level, proportionate and risk based, which are periodically reviewed by the Board. The Company's other 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 the Annual General Meeting sets out the business of the Meeting and any special business is explained in the Directors' Report. The Notice of Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting. Separate resolutions are proposed for substantive issues.

Regular updates on performance are available to shareholders on the website. The Portfolio Managers will review the Company's activities at the Annual General Meeting, where the Directors, including the Chairman of the Board and the Chairman of the Audit Committee and representatives of the Manager will be available to answer shareholders' questions. Proxy voting figures are announced to the shareholders at the Annual General Meeting and will be made available on the Manager's website shortly after the meeting.

In accordance with provision E.2.2 of the UK Code of Corporate Governance, 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 shareholders is demonstrated by a programme of 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 also meets directly with shareholders providing a forum for canvassing their views and enabling the Board to be aware of any issues of concern.

There is also a clear channel of communication between the Board and the Company's shareholders via the Company Secretary. The Company Secretary has no express authority to respond to enquiries addressed to the Board and all communication, other than junk mail, is redirected to the Chairman.

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There is a section within this report entitled "Additional Information – Shareholder Information", on pages 72 to 74, which provides an overview of useful information available to shareholders.

The Company's financial statements, regular fact sheets and other information, are also published on the BlackRock website at blackrock.co.uk/thrg. The work undertaken by the auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the 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 23 to 28 because it is information which refers to events that have taken place during the course of the year.

BY ORDER OF THE BOARD

CRISPIN LATYMER
Chairman
10 February 2017

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Governance

Report of the audit committee

As Chairman of the Audit Committee (the Committee) I am pleased to present the Committee's report to shareholders for the year ended 30 November 2016.

COMPOSITION

The Committee consists of all the Directors of the Company, except Lord Latymer. The Directors' biographies are given on pages 21 and 22 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 to discharge its function effectively. Further information on the experience of the Members of the Committee can also be found in their biographies on pages 21 and 22.

ROLE AND RESPONSIBILITIES

The Company has established a separately chaired Committee whose duties include considering and recommending to the Board for approval the contents of the half yearly and annual financial statements, and providing an opinion as to whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, position, business model and strategy.

The Committee reviews the external auditor's report thereon and has primary responsibility for the relationship with the external Auditor, including the development of a policy on the provision of non-audit services, reviewing and forming an opinion on the effectiveness of the external audit process and audit quality. Other duties include reviewing the appropriateness of the Company's accounting policies and monitoring the effectiveness of the internal control systems and standards.

The Company operates within written terms of reference detailing its scope and duties and these are available on the Company's website at blackrock.co.uk/thrg.

The Committee meets at least twice a year. These meetings are held prior to the Board meetings to approve the half yearly and annual reports. The Committee will hold additional meetings where deemed to be necessary. The Committee also receives regular reports from the Manager's corporate audit and compliance departments.

RESPONSIBILITIES AND REVIEW OF THE EXTERNAL AUDIT

During the year the principal activities of the Audit Committee included:

- considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external auditors' report thereon;
- reviewing the scope, execution, results, cost effectiveness, independence and objectivity of the external auditor;
- reviewing the audit and non-audit fees payable to the external auditor and the terms of its engagement;
- reviewing and approving the external auditor's plan for the financial year, with a focus on the identification of areas of audit risk, and consideration of the appropriateness of the level of audit materiality adopted;
- reviewing the effectiveness of the external audit process and the quality of the audit engagement partner and the audit team, and making a recommendation to the Board with respect to the reappointment of the auditor;
- reviewing the role of the Manager and third party service providers in an effective audit process;
- considering the quality of the formal audit report to shareholders;
- reviewing the appropriateness of the Company's accounting policies;
- monitoring the effectiveness of the Company's risk management and internal control systems and standards and carrying out a review, at least annually, of their effectiveness; and
- evaluating the need for an internal audit function, as set out in the Corporate Governance Statement on page 36.

The fees paid to the external auditor are set out in note 5 on page 55. An explanation on how auditor objectivity and independence is safeguarded is reported under assessment of the effectiveness of the external audit process on pages 39 and 40.

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, in so far as they affect the Company.

SIGNIFICANT ISSUES CONSIDERED REGARDING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

During the year, the Committee considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements. The table on page 39 sets out the key areas of risk identified by the Committee and also explains how these were addressed.

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Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio	Listed investments, contracts for differences and index futures are valued using stock exchange prices from third party vendors. The Board reviews detailed portfolio valuations on a regular basis throughout the year and receives confirmation from the Manager that the pricing basis is appropriate, in line with relevant accounting standards as adopted by the Company and that the carrying values are materially correct.
The risk of misappropriation of assets and 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 and is also available to attend the Company's Annual General Meeting. The Committee reviews reports from its service providers on key controls over 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 and performance fees	The Manager reports to the Committee on the calculation of any performance fee accruals that have been included in the Company's NAV on a regular basis. The management fee and any performance fee are calculated in accordance with the contractual terms in the investment management agreement by the administrator, BNYM, and are reviewed in detail by the Manager and are also subject to an analytical review by the Committee.
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. The audit includes checks on the completeness and accuracy of income, and also checks that this has been recognised in accordance with stated accounting policies.

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Manager, which sub-delegates fund accounting to the Bank of New York (International) Limited, and the provision of depositary services is contracted to BNYMTD, the Committee has also reviewed the Service Organisation Control (SOC 1) reports prepared by BlackRock, the Custodian and Fund Accountants to ensure that the relevant control procedures are in place to cover these areas of risk as identified in the table above and are adequate and appropriate, and have been designated as operating effectively by the reporting auditors.

AUDITOR AND AUDIT TENURE

The Company's current auditor, Ernst & Young LLP, has acted in this role since 2009. The Committee, in conjunction with the Board, is committed to reviewing this appointment on a regular basis to ensure the Company is receiving an optimal level of service. The appointment of the auditor is reviewed each year and the audit partner rotates at least every five years.

The committee is mindful of the EU Audit Reform, including regulations on mandatory auditor rotation which require the appointment of a new auditor every ten years, although this can be extended in certain circumstances under the transitional arrangement in place. In view of these changes, the Company will put its audit contract out to tender no later than 2019. The EU legislation also prohibits certain non-audit consulting services and caps the amount of additional fees auditors can charge their clients. There are no contractual obligations that restrict the Company's choice of auditor.

The only fee paid to the auditor in respect of non-audit services relates to the review of the half yearly financial statements and amounted to £6,000 excluding VAT (2015: £6,000). The Company's policy on non-audit services is set out in full in the Audit Committee's terms of reference which are available on the Company's website at blackrock.co.uk/thrg.

The auditor has indicated its willingness to continue in office and resolutions proposing their reappointment and authorising the Audit Committee to determine its remuneration for the ensuing year will be proposed at the Annual General Meeting.

ASSESSMENT OF THE EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

To assess the effectiveness of the external audit, members of the Committee work closely with BIM (UK) and BFM to obtain a good understanding of the quality 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;
- communication by the auditor with the Committee;
- monitoring and reviewing the supply of any non-audit services, taking into account relevant ethical guidelines regarding the provision of such services;
- how the auditor supports the work of the Committee and how the audit contributes added value;
- a review of 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 auditor is invited to attend the Committee meetings at which the half yearly and annual report and financial statements are considered and to meet with the Audit Committee without representatives of the Manager being present on at least one occasion. 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 auditor and the Committee.

To form a conclusion with regard to the independence of the external auditor, the Committee considers whether the skills and experience of the auditor makes it a suitable supplier of non-audit services and whether there are safeguards in place to ensure that there is no threat to its objectivity and independence in the conduct of the audit resulting from the provision of any such services. On a continuous basis, Ernst & Young LLP review the independence of its relationship with the Company and, on a bi-annual basis, report to the Committee, providing details of any other relationship with the Manager. As part of this review, the Committee also receives information about policies and processes for maintaining independence and monitoring compliance with relevant requirements from the Company's auditor, including information on the rotation of audit partners and staff, the level of fees that the Company pays in proportion to the overall fee income of the firm, and the level of related fees, details of any relationships between the audit firm and its staff and the Company as well as an overall confirmation from the auditor of their independence and objectivity. As a result of its review, the Committee has concluded that Ernst & Young 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 the Committee;
- the controls that are in place at the Manager and other third party service providers to ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets; and
- the existence of satisfactory Service Organisation Control reports that have been reviewed and reported on by external auditors to verify the effectiveness of the internal controls of the Manager, 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 and provide shareholders with the information necessary to assess the Company's position, performance, business model and strategy. 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. The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements on page 42.

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Having served on the Company's Board since November 2004, I have decided that I will not seek re-election at the forthcoming AGM, to be held on 22 March 2017, and will retire from the Board, and as Chairman of this Committee, with effect from its conclusion. The Board has agreed that Mr Greenlees will succeed me as Chairman of the Committee with effect from the date of my resignation. Mr Greenlees is a Chartered Accountant with extensive investment industry experience and I am confident that he will provide diligent and effective leadership of the Company's Audit Committee going forward.

ERIC STOBART
Chairman
Audit Committee
10 February 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 Financial Statements, the Directors' Remuneration 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 are required to prepare the financial statements in accordance with 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 and of the profit or loss of the Company for that period.

In preparing these 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 IAS8: 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, the Directors' Report, the Directors' Remuneration Report and the Corporate Governance Statement 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 Investment Manager and the AIFM for the maintenance and integrity of the Company's corporate and financial information included on BlackRock's 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 pages 21 and 22, confirms to the best of his or her 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 Annual Report and Financial Statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The 2014 UK Corporate Governance Code also requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit Committee's report on pages 38 to 41 of the Annual Report and Financial Statements. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 30 November 2016, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

FOR AND ON BEHALF OF THE BOARD
CRISPIN LATYMER
Chairman
10 February 2017

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Financial statements

Independent auditor's report to the members of BlackRock Throgmorton Trust plc

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- BlackRock Throgmorton Trust plc's (the "Company") financial statements give a true and fair view of the state of the Company's affairs as at 30 November 2016 and of the Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006.

WHAT WE HAVE AUDITED

The Company's financial statements comprise:

Statement of comprehensive income for the year ended 30 November 2016
Statement of changes in equity for the year ended 30 November 2016
Statement of financial position as at 30 November 2016
Cash flow statement for the year ended 30 November 2016
Related notes 1 to 20 to the financial statements

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2006.

OVERVIEW OF OUR AUDIT APPROACH

Risks of material misstatement	▸ Performance fees are not calculated in line with the Investment Management Agreement ('IMA') or the methodology is open to interpretation. ▸ Valuation and existence of Investments and Contract for Difference ("CFD") portfolios. ▸ Incomplete or inaccurate income recognition.
Audit scope	▸ The audit team performed an audit of the complete financial information of BlackRock Throgmorton Trust plc directly and under the direction of the Senior Statutory Auditor.
Materiality	▸ Overall materiality of £3.02 million which represents 1% of net assets.

OUR ASSESSMENT OF RISK OF MATERIAL MISSTATEMENT

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

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Risk	Our response to the risk	Key observations communicated to the Audit Committee
Performance fees are not calculated in line with the Investment Management Agreement ('IMA') or the methodology is open to interpretation **(2016: £768,000, 2015: £3,401,000)** *Refer to the Report of the audit committee (page 38); Accounting policies (pages 51 to 53); and Note 4 of the Financial Statements (page 54)* The performance fee is calculated using a methodology as set out in the Investment Management Agreement between the Company and the Manager. Incorrect calculation of this fee could have a material impact on the return generated for shareholders.	▸ We recalculated the performance fee for the year and ensured that this has been calculated in accordance with the provisions of the IMA. ▸ We validated all key external inputs in the calculation to accounting records and benchmarked data to an independent source. ▸ We discussed any areas of interpretation within the performance fee calculation methodology with the Manager and the Audit Committee.	Based on the work performed we had no matters to report to the Audit Committee.
Valuation and existence of Investments and Contract for Difference ("CFD") portfolios **(2016: £299.0m, 2015: £288.3m)** *Refer to the Report of the audit committee (page 38); Accounting policies (pages 51 to 53); and Notes 11 and 12 of the Financial Statements (pages 58 and 59)* The investment portfolio at the year-end comprised quoted securities including contracts for difference (CFDs). The valuation of the assets held in the investment portfolio is the key driver of the Company's investment return. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	▸ We assessed the Administrator's systems and controls in this area to ascertain whether we can rely on them leveraging, where possible, the internal control reports issued by them. ▸ We agreed 100% of the quoted investment and CFD valuations to an independent source. ▸ We agreed any exchange rates used to translate foreign currency holdings to GBP at year-end to an independent source and investigated any discrepancies. ▸ We reviewed the investments and CFD portfolios to identify investments valued at nil and obtained reasons for these. ▸ We obtained confirmation from the custodian and from the depositary of all securities and CFDs held at the year end and agreed all securities and CFDs held from the Company's records to those of the custodian and the depositary.	Based on the work performed we had no matters to report to the Audit Committee.
Incomplete or inaccurate income recognition **(2016: £6,870,000, 2015: £6,945,000)** *Refer to the Report of the audit committee (page 38); Accounting policies (pages 51 to 53); and Note 3 of the Financial Statements (page 54)* Income is comprised of dividends receivable from the investment portfolio and income received from the CFD portfolio. Incomplete or inaccurate income recognition through failure to recognise proper income entitlements.	▸ We assessed the Administrator's systems and controls in this area to ascertain whether we can rely on them leveraging, where possible, the internal control reports issued by them. ▸ We agreed a sample of dividends received from the underlying financial records to independent sources and checked, using independent sources, whether the Company has received the income to which it was entitled. ▸ To ensure completeness of revenue, we checked a sample of dividends announced for the period from an independent source and confirmed that they have all been accounted for in the correct period. ▸ We agreed the returns on a sample of the Contracts for Difference ("CFDs") to broker and bank statements, confirming whether the split between the revenue and capital components is correct. ▸ We performed a review of special dividends received and assessed the appropriateness of the accounting treatment.	Based on the work performed we had no matters to report to the Audit Committee.

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THE SCOPE OF OUR AUDIT

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determines our audit scope for the Company. Taken together, this enables us to form an opinion on the financial statements. We take into account size, risk profile, changes in the business environment, the organisation of the Company and the effectiveness of controls, and other factors such as recent Service Organisation Control ('SOC') reporting when assessing the level of work to be performed.

OUR APPLICATION OF MATERIALITY

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

Materiality

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

We determined materiality for the Company to be £3.02 million (2015: £2.86 million), which is 1% (2015: 1%) of net assets. We believe that net assets is the key measurement of the Company's performance.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement is that performance materiality is 75% (2015: 75%) of our planning materiality, namely £2.26 million (2015: £2.15 million). We have set performance materiality at this percentage due to the fact that there is no history of misstatements.

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.15 million (2015: £0.14 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 42, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) (ISA). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: ▸ materially inconsistent with the information in the audited financial statements; or ▸ apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or ▸ otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the Directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have no exceptions to report.
Companies Act 2006 reporting	We are required to report to you if, in our opinion: ▸ 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 ▸ the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or ▸ certain disclosures of Directors' remuneration specified by law are not made; or ▸ we have not received all the information and explanations we require for our audit.	We have no exceptions to report.
Listing Rules review requirements	We are required to review: ▸ the Directors' statement in relation to going concern, set out on page 25, and longer-term viability, set out on page 14; and ▸ the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

STATEMENT ON THE DIRECTORS' ASSESSMENT OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE ENTITY

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: ▸ the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, 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' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and ▸ the Directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Matthew Price (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP,
Statutory Auditor
London
10 February 2017

Notes

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

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Financial statements

Statement of comprehensive income for the year ended 30 November 2016

	Notes	Revenue 2016	Revenue 2015	Capital 2016	Capital 2015	Total 2016	Total 2015
		£'000	£'000	£'000	£'000	£'000	£'000
Income from investments	3	6,794	6,363	–	–	6,794	6,363
Net income from contracts for difference	3	76	582	–	–	76	582
Other income	3	1	15	–	–	1	15
Total revenue		6,871	6,960	–	–	6,871	6,960
Profit on investments held at fair value through profit or loss	11	–	–	10,419	42,983	10,419	42,983
Loss on foreign exchange		–	–	(24)	(1)	(24)	(1)
Net gains from contracts for difference and futures	12	–	–	6,746	10,645	6,746	10,645
Total		**6,871**	**6,960**	**17,141**	**53,627**	**24,012**	**60,587**
Expenses							
Investment management and performance fees	4	(621)	(595)	(2,630)	(5,187)	(3,251)	(5,782)
Other operating expenses	5	(519)	(442)	(18)	(22)	(537)	(464)
Total operating expenses		(1,140)	(1,037)	(2,648)	(5,209)	(3,788)	(6,246)
Net profit before finance costs and taxation		5,731	5,923	14,493	48,418	20,224	54,341
Finance costs	7	(1)	(1)	(3)	(4)	(4)	(5)
Net profit on ordinary activities before taxation		5,730	5,922	14,490	48,414	20,220	54,336
Taxation	8	(7)	(11)	–	–	(7)	(11)
Profit for the year		5,723	5,911	14,490	48,414	20,213	54,325
Earnings per ordinary share	10	7.83p	8.08p	19.81p	66.21p	27.64p	74.29p

The total columns of this statement represent the Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. 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.

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 51 to 69 form part of these financial statements.

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Financial statements

Statement of changes in equity for the year ended 30 November 2016

	Notes	Called up share capital	Share premium account	Special reserve	Capital redemption reserve	Capital reserves	Revenue reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
For the year ended 30 November 2016								
At 30 November 2015		4,026	21,049	35,272	11,905	204,521	9,570	286,343
Total comprehensive income:								
Net profit for the year		–	–	–	–	14,490	5,723	20,213
Transactions with owners, recorded directly to equity:								
Dividends paid (see (a) below)	9	–	–	–	–	–	(5,009)	(5,009)
At 30 November 2016		4,026	21,049	35,272	11,905	219,011	10,284	301,547
For the year ended 30 November 2015								
At 30 November 2014		4,026	21,049	35,272	11,905	156,107	7,096	235,455
Total comprehensive income:								
Net profit for the year		–	–	–	–	48,414	5,911	54,325
Transactions with owners, recorded directly to equity:								
Dividends paid (see (b) below)	9	–	–	–	–	–	(3,437)	(3,437)
At 30 November 2015		4,026	21,049	35,272	11,905	204,521	9,570	286,343

(a) Final dividend of 5.60p per share for the year ended 30 November 2015, declared on 12 February 2016 and paid on 5 April 2016 and interim dividend of 1.25p per share for the year ended 30 November 2016, declared on 18 July 2016 and paid on 19 August 2016.
(b) Final dividend of 3.60p per share for the year ended 30 November 2014, declared on 13 February 2015 and paid on 7 April 2015 and interim dividend of 1.10p per share for the year ended 30 November 2015, declared on 24 July 2015 and paid on 21 August 2015.

The notes on pages 51 to 69 form part of these financial statements.

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Financial statements

Statement of financial position as at 30 November 2016

	Notes	2016 £'000	2015 £'000
Non current assets			
Investments held at fair value through profit or loss	11	297,072	287,220
Current assets			
Other receivables	13	1,346	3,066
Derivative financial assets held at fair value through profit or loss	12	1,934	1,118
Cash held on margin deposit with brokers	17	152	–
Cash and cash equivalents		5,509	2,344
		8,941	6,528
Total assets		306,013	293,748
Current liabilities			
Other payables	14	(3,024)	(6,171)
Derivative financial liabilities held at fair value through profit or loss	12	(19)	–
Collateral held in respect of contracts for difference	17	(1,423)	(1,234)
		(4,466)	(7,405)
Net assets		301,547	286,343
Equity attributable to equity holders			
Called up share capital	15	4,026	4,026
Share premium account	16	21,049	21,049
Special reserve	16	35,272	35,272
Capital redemption reserve	16	11,905	11,905
Capital reserves	16	219,011	204,521
Revenue reserve	16	10,284	9,570
Total equity	10	301,547	286,343
Net asset value per share	10	412.34p	391.55p

The financial statements on pages 47 to 69 were approved and authorised for issue by the Board of Directors on 10 February 2017 and signed on its behalf by Lord Latymer, Chairman.

BlackRock Throgmorton Trust plc

Registered in England, No. 00594634

The notes on pages 51 to 69 form part of these financial statements.

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Financial statements

Cash flow statement for the year ended 30 November 2016

	2016 £'000	2015 £'000
Operating activities		
Net profit before taxation*	20,220	54,336
Add back finance costs	4	5
Gains on investments and derivatives held at fair value through profit or loss including transaction costs	(17,512)	(54,030)
Net movement on foreign exchange	24	1
Sales of investments held at fair value through profit or loss	110,936	111,259
Purchases of investments held at fair value through profit or loss	(110,369)	(119,248)
Realised gains on closure of contracts for difference	35,038	34,676
Realised losses on closure of contracts for difference	(28,282)	(23,849)
Realised losses on closure of futures contracts	(461)	–
Collateral received/(pledged) in respect of contracts for difference	37	(511)
Decrease/(increase) in other receivables	65	(23)
Decrease in amounts due from brokers	1,655	1,355
Increase/(decrease) in amounts due to brokers	106	(2,753)
(Decrease)/increase in other payables	(3,253)	3,138
Net cash inflow from operating activities before interest and taxation	8,208	4,356
Interest paid	(3)	(5)
Taxation paid	(7)	(11)
Net cash inflow from operating activities before financing activities	8,198	4,340
Financing activities		
Dividends paid	(5,009)	(3,437)
Net cash outflow from financing activities	(5,009)	(3,437)
Increase in cash and cash equivalents	3,189	903
Effect of foreign exchange rate changes	(24)	(1)
Change in cash and cash equivalents	3,165	902
Cash and cash equivalents at the start of year	2,344	1,442
Cash and cash equivalents at the end of the year	5,509	2,344
Comprised of:		
Cash at bank	119	128
BlackRock's Institutional Cash Series plc – Sterling Liquidity Fund	5,390	2,216
	5,509	2,344

* Includes dividends and interest received in the year of £6,364,000 and £1,000 (2015: £6,304,000 and nil) respectively.

The notes on pages 51 to 69 form part of these financial statements.

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1. PRINCIPAL ACTIVITY

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

2. ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 December 2015, and have not been applied when preparing these financial statements (major changes and new standards issued are detailed below). None of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Company.

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

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

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

IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2018) specifies how and when an entity should recognise revenue and enhances the nature of revenue disclosures. Given the nature of the Company's revenue streams from financial instruments the provisions of this standard are not expected to be applicable.

(b) Presentation of Statement of Comprehensive Income

In order to reflect better 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 revenue and capital nature have been presented alongside the Statement of Comprehensive Income.

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

The Company's investments are classified as held at fair value through profit or loss in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' and are managed and evaluated on a fair value basis in accordance with its investment strategy.

2. ACCOUNTING POLICIES continued

All investments are designated upon initial recognition as held at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. The sales of assets 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 long only portfolio is the bid price of the securities, without deduction for estimated future selling costs.

Any unquoted investments are valued by the Directors at fair value using International Private Equity and Venture Capital Valuation Guidelines.

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

(d) Derivatives

The Company's derivatives are classified as at fair value through profit or loss – held for trading. The Company holds long and short positions in contracts for difference (CFD) and index futures which are held at fair value based on the bid prices of the underlying securities in respect of long positions, and the offer prices of the underlying securities in respect of short positions.

Derivatives are held at fair value based on the bid prices of the underlying securities in respect of long positions, and the offer prices of the underlying securities in respect of short positions, which the Company is exposed to through the use of contracts for difference ("CFD") and index futures. Profits and losses on derivative transactions are recognised in the Statement of Comprehensive Income. They are recognised as capital and are shown in the capital column of the Statement of Comprehensive Income if they are of a capital nature and are recognised as revenue and shown in the revenue column of the Statement of Comprehensive Income if they are of a revenue nature. To the extent that any profits or losses are of a mixed revenue and capital nature, they are apportioned between revenue and capital accordingly.

(e) Segmental reporting

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

(f) Income

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

Special dividends are treated as a capital receipt or revenue receipt depending on the facts or circumstances of each particular case.

Interest income is recognised on an accruals basis.

(g) 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 disposal of investments 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 in note 11 on page 58.
- 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 has 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 expected long term split of returns, in the form of capital gains and income respectively, from the investment portfolio.
- performance fees have been allocated 100% to the capital column of the Statement of Comprehensive Income, as performance has been predominantly generated through capital returns of the investment portfolio.

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(h) Finance costs and bank overdrafts

Finance costs are accounted for on an accruals basis. Finance costs are allocated, insofar as they relate to the financing of the Company's investments, 75% to the capital column and 25% to the revenue column of the Statement of Comprehensive Income, in line with the Board's expected long term split of returns, in the form of capital gains and income respectively, from the investment portfolio. Bank overdrafts are recorded as the net proceeds received.

(i) 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 period. 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 the expenses is allocated between capital and revenue returns on the marginal basis using the Company's effective rate of corporation taxation for the accounting period.

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more taxation in the future or right to less taxation in the future have occurred at the financial reporting date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred taxation assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

(j) Dividends payable

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

(k) Cash and cash equivalents

Cash comprises cash in hand and 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.

The Company's investment in BlackRock's Institutional Cash Series plc – Sterling Liquidity Fund of £5,390,000 (2015: £2,216,000) is managed as part of the Company's cash management policy and, accordingly, this investment along with purchases and sales of this investment has been classified in the Statement of Financial Position and Cash Flow Statement as cash and cash equivalents. The comparative figures in the Statement of Financial Position and Cash Flow Statement have been restated.

(l) 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.

(m) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into sterling at the rate ruling on the financial reporting date.

Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income as a revenue or capital item depending on the income or expense to which they relate.

3. INCOME

	2016 £'000	2015 £'000
Investment income:		
UK listed dividends	5,835	5,139
UK listed dividends – special	403	878
UK scrip dividend	36	14
Overseas listed dividends	474	332
Overseas listed dividends – special	46	–
	6,794	6,363
Income from contracts for difference	76	582
	6,870	6,945
Other income:		
Deposit interest	1	–
Underwriting commission	–	15
Total income	6,871	6,960

Special dividends of £131,000 have been recognised in capital (2015: nil).

4. INVESTMENT MANAGEMENT AND PERFORMANCE FEES

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	621	1,862	2,483	595	1,786	2,381
Performance fee	–	768	768	–	3,401	3,401
Total	621	2,630	3,251	595	5,187	5,782

Performance fees have been wholly allocated to the capital column of the Statement of Comprehensive Income as the performance has been predominantly generated through capital returns from the investment portfolio. As at 30 November 2016, the performance fee payable to the Investment Manager amounted to £768,000 (2015: £3,401,000).

A summary of the investment management agreement with details of the fees paid to the Investment Manager are disclosed in the Directors' Report on pages 23 and 24.

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5. OTHER OPERATING EXPENSES

	2016 £'000	2015 £'000
Allocated to revenue:		
Custody fee	7	7
Auditor's remuneration:		
– audit services	36	34
– other assurance services	6	6
Registrar's fee	33	31
Broker fees	37	39
Depositary fees	39	37
Marketing fees	126	151
Marketing fee accrual written back	(34)	(110)
Directors' emoluments	150	139
Other administrative costs	119	108
	519	442
Allocated to capital:		
Transaction charges	18	22
	18	22
The Company's ongoing charges, calculated as a percentage of average net assets for the year and using expenses, excluding performance fee and finance costs, were:	1.1%	1.1%
The Company's ongoing charges, calculated as a percentage of average net assets for the year and using expenses, including performance fee and finance costs, were:	1.3%	2.3%

Auditor's remuneration for other assurance services comprised £6,000 relating to the interim review (2015: £6,000).

6. DIRECTORS' EMOLUMENTS

Details of the Directors' emoluments are given in the Directors' Remuneration Report on pages 29 to 32.

7. FINANCE COSTS

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank overdrafts	1	3	4	1	4	5
	1	3	4	1	4	5

8. TAXATION

(a) Analysis of charge for the year

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current taxation:						
Overseas tax suffered (note 8 (b))	7	–	7	11	–	11
Total current tax	7	–	7	11	–	11
Total taxation charge (note 8(b))	7	–	7	11	–	11

8. TAXATION continued

(b) Factors affecting total taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation taxation in the UK for a large company of 20.00% (2015: 20.33%). The differences are explained below:

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Total profit on ordinary activities before taxation	5,730	14,490	20,220	5,922	48,414	54,336
Profit on ordinary activities multiplied by standard rate of corporation taxation at 20.00% (2015: 20.33%)	1,146	2,898	4,044	1,204	9,843	11,047
Effects of:						
Non-taxable UK dividend income	(1,179)	–	(1,179)	(1,181)	–	(1,181)
Non-taxable overseas dividends	(95)	–	(95)	(68)	–	(68)
Overseas tax suffered	7	–	7	11	–	11
Gains on investments held at fair value through profit or loss	–	(2,085)	(2,085)	–	(8,739)	(8,739)
CFD gains charged to capital	–	(1,439)	(1,439)	–	(2,164)	(2,164)
Futures loss charged to capital	–	90	90	–	–	–
Disallowed expenses	–	4	4	–	4	4
Exchange loss	–	5	5	–	–	–
Management expenses not relieved	128	526	654	46	1,055	1,101
Loan relationship deficit not relieved	–	1	1	–	1	1
Brought forward loan relationship deficit utilised	–	–	–	(1)	–	(1)
	(1,139)	(2,898)	(4,037)	(1,193)	(9,843)	(11,036)
Total taxation charge (note 8(a))	7	–	7	11	–	11

(c) At 30 November 2016 the Company had net surplus management expenses of £66.2 million (2015: £62.9 million) and a non-trade loan relationship deficit of £47.8 million (2015: £47.8 million).

A deferred taxation asset has not been recognised in respect of these losses because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future taxation liabilities through the use of existing surplus expense, loan relationship deficits or eligible unrelieved foreign taxation. There was an unrecognised deferred taxation asset of £19.4 million (2015: £22.1 million) at the financial reporting date.

Due to the Company's ongoing intention to meet the conditions required to obtain approval under section 1158 of the Corporation Tax Act 2010, it has not provided deferred taxation on capital gains or losses.

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9. DIVIDENDS

	Record date	Payment date	2016 £'000	2015 £'000
Dividends paid on equity shares:				
2014 final of 3.60p	27 February 2015	7 April 2015	–	2,633
2015 interim of 1.10p	7 August 2015	21 August 2015	–	804
2015 final of 5.60p	26 February 2016	5 April 2016	4,095	–
2016 interim of 1.25p	29 July 2016	19 August 2016	914	–
			5,009	3,437

The Directors have recommended a final dividend of 6.25p per share (2015: final 5.60p). The dividend will be paid on 29 March 2017, subject to shareholders' approval on 22 March 2017, to shareholders on the Company's register on 17 February 2017. Under IFRS the proposed final dividend has not been recognised as a liability in these financial statements as final dividends are only recognised in the financial statements when they have been approved by shareholders, and interim dividends are not recognised until they are paid. They are also debited directly to revenue reserves.

The total dividends payable in respect of the year ended 30 November 2016 which form the basis of section 1158 of the Corporation Tax act 2010 and section 833 of the Companies Act 2006, and the amounts proposed meet the relevant requirements as set out in this legislation and are as follows:

	2016 £'000	2015 £'000
Dividends paid or proposed on equity shares:		
Interim paid 1.25p (2015: 1.10p)	914	804
Final proposed of 6.25p (2015: 5.60p)*	4,571	4,095
	5,485	4,899

* Based upon 73,130,326 (2015: 73,130,326) ordinary shares at 10 February 2017.

10. EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

Revenue and capital earnings per share are shown below and have been calculated using the following:

	2016	2015
Net revenue profit attributable to ordinary shareholders (£'000)	5,723	5,911
Net capital profit attributable to ordinary shareholders (£'000)	14,490	48,414
Total profit attributable to ordinary shareholders (£'000)	20,213	54,325
Total equity attributable to shareholders (£'000)	301,547	286,343
The weighted average number of ordinary shares in issue during each year, on which the return per ordinary share was calculated was:	73,130,326	73,130,326
The actual number of ordinary shares in issue at the end of the year on which the net asset value was calculated was:	73,130,326	73,130,326
Earnings per share		
Revenue earnings per share	7.83p	8.08p
Capital earnings per share	19.81p	66.21p
Total earnings per share	27.64p	74.29p
Net asset value per share	412.34p	391.55p
Ordinary share price (mid-market)	325.00p	339.50p

The Company does not have any dilutive securities.

11. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 £'000	2015 £'000
UK equity listed investments held at fair value through profit or loss	209,915	200,242
AIM traded stocks	87,157	86,978
Valuation of investments at 30 November	297,072	287,220
Valuation brought forward at 1 December	287,220	236,248
Investment holding gains at 1 December	(63,639)	(41,391)
Opening cost of investments	223,581	194,857
Acquisitions at cost	110,369	119,248
Disposals proceeds	(110,936)	(111,259)
Realised gains on sales	8,726	20,735
Cost carried forward at 30 November	231,740	223,581
Investment holding gains at 30 November	65,332	63,639
Closing valuation of investments	297,072	287,220

During the year transaction costs of £492,000 (2015: £531,000) were incurred on the acquisition of investments. Costs relating to disposals of investments during the year amounted to £129,000 (2015: £150,000). All transactions costs have been included within capital reserves.

Gains on investments held at fair value through profit or loss

	2016 £'000	2015 £'000
Gains on sales	8,726	20,735
Changes in investment holdings gains	1,693	22,248
	10,419	42,983

12. DERIVATIVES

The Company may use a variety of derivative contracts, and during the year entered into a number of contracts for difference ("CFD") and index futures. CFDs are used by the Company as synthetic equities and are valued by reference to the investments' underlying securities market values.

The sources of the return under the derivative contract (e.g. notional dividends, financing costs, interest returns and capital changes) are allocated to the revenue and capital accounts in accordance with the nature of the underlying source of income and in accordance with the guidance given in the AIC SORP. Notional dividend income or expense arising on long or short positions is apportioned wholly to the revenue account. Notional interest income on short positions is allocated wholly to the revenue account. Notional interest expense on long and short positions is apportioned between revenue and capital in accordance with the Board's long term expected returns of the Company (currently determined to be 25% to the revenue account and 75% to capital account). Changes in value relating to underlying price movements of securities in relation to CFD exposures are allocated to capital.

A summary of the various sources of return on the CFD and index futures contracts is given in the table below.

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net realised gains	–	6,295	6,295	–	10,827	10,827
Net unrealised gains relating to underlying price movements	–	797	797	–	220	220
Notional dividend income on long positions	928	–	928	1,349	–	1,349
Notional dividend expense on short positions	(736)	–	(736)	(633)	–	(633)
Notional interest expense on long positions	(74)	(220)	(294)	(91)	(271)	(362)
Notional interest expense on short positions	(42)	(126)	(168)	(43)	(131)	(174)
Total return on derivative contracts for the year	76	6,746	6,822	582	10,645	11,227

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The fair value of the CFDs and index futures at 30 November 2016 was positive £1,915,000 (2015: positive £1,118,000), comprising revaluation gains of £3,326,000 (2015: £2,113,000) and revaluation losses of £1,411,000 (2015: £995,000). Net revaluation gains of £1,915,000 (2015: gains £1,118,000) are disclosed within current assets in the Statement of Financial Position. Net realised gains of £6,295,000 (2015: gains of £10,827,000) comprised realised gains of £35,038,000 (2015: £34,676,000) and realised losses of £28,743,000 (2015: £23,849,000).

13. OTHER RECEIVABLES

	2016 £'000	2015 £'000
Sales for future settlement	566	1,604
Variation margin receivable	471	1,088
Prepayments and accrued income	291	362
Taxation recoverable	18	12
	1,346	3,066

14. OTHER PAYABLES

	2016 £'000	2015 £'000
Purchases for future settlement	1,053	1,072
Variation margin payable	133	8
Performance fees payable	768	3,401
Management fee payable	656	1,233
Other payables	414	457
	3,024	6,171

15. CALLED UP SHARE CAPITAL

	Ordinary shares in issue number	Treasury shares number	Total shares number	£'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 5p each:				
At 1 December 2015	73,130,326	7,400,000	80,530,326	4,026
At 30 November 2016	73,130,326	7,400,000	80,530,326	4,026

No ordinary shares were issued, purchased or cancelled in the year (2015: nil).

The ordinary shares carry the right to receive any dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares or on the transfer of ordinary shares.

16. SHARE PREMIUM AND RESERVES

	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (arising on investments sold) £'000	Capital reserve (arising on revaluation of investments held) £'000	Revenue reserve £'000
At 1 December 2015	21,049	35,272	11,905	139,835	64,686	9,570
Movement during the year:						
Net profit for the year after taxation	–	–	–	–	–	5,723
Gains on realisation of investments	–	–	–	8,726	–	–
Exchange (losses)/gains	–	–	–	(25)	1	–
Change in investment holding gains	–	–	–	–	1,693	–
Gains on contracts for difference taken to capital	–	–	–	6,410	787	–
(Losses)/profit on futures taken to capital	–	–	–	(461)	10	–
Finance costs, investment management and performance fee charged to capital after taxation	–	–	–	(2,651)	–	–
Dividends paid during the year	–	–	–	–	–	(5,009)
At 30 November 2016	21,049	35,272	11,905	151,834	67,177	10,284

17. 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/thrg 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 35 and in the Statement of Directors' Responsibilities on page 42, it is the ultimate responsibility of the Board to ensure that the Company's risks are appropriately monitored, and to the extent that elements of this are delegated to third party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of relevant agreements. The AIFM reports to the Board at each meeting on key risk metrics and risk management processes; in addition, the Depositary monitors the performance of the AIFM and reports to the Audit Committee at each meeting. Any issues are reported to the Board on an ad hoc basis as they arise.

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 www.blackrock.co.uk/thrg.

The AIFM is responsible for 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 Group") which is a centralised group which performs an independent risk management function. The RQA Group independently identifies, measures and monitors investment risk. The RQA Group tracks the actual risk management practices being deployed across the Company. By breaking down the components of the process, the RQA Group have the ability to determine if the appropriate risk management processes are in place across the Company. This captures the risk management tools employed and ensures that portfolio risk is deliberate, diversified and appropriately scaled.

The risk exposures of the Company are set out as follows:

(a) Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. It represents the potential loss the Company may suffer through holding market positions in financial instruments in the face of market movements.

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

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 day and a historical observation period of not less than 1 year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% 1 day VaR means that the expectation is that 99% of the time over a 1 day period the Company will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk. It is noted that the use of VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations and the nature of the VaR measure mean that the Company can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one-day VaR as of 30 November 2016 and 30 November 2015 (based on a 99% confidence level) was 2.95% and 1.70%, respectively.

(i) Market risk arising from other price risk

Exposure to other price risk

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

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

The Company's exposure to other changes in market prices at 30 November 2016 on its equity investments, excluding its holding in BlackRock's Institutional Cash Series plc – Sterling Liquidity Fund, was £297,072,000 (2015: £287,220,000). In addition, the Company's gross market exposure to these price changes through its CFD portfolio was £56,467,000 through long positions (2015: £42,580,000) and £23,260,000 through short positions (2015: £26,256,000).

Use of derivatives

The Company may utilise both exchange traded and over-the-counter derivatives, including, but not limited to, CFDs and index futures, as part of its investment policy. These instruments can be highly volatile and potentially expose investors to a higher risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or loss which is high in proportion to the value of the net exposures in the underlying CFD and index futures positions. In addition daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

The Company's current investment strategy specifically utilises CFDs and index futures. The Company limits the gross market exposure, and therefore the leverage, of this strategy to approximately 30% of the Company's net assets. The CFDs utilised have a linear performance to referenced stocks quoted on exchanges and therefore have a volatility profile similar to the underlying stocks.

17. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Management of other price risk

- Economic exposure through derivatives is restricted to 30% of the net asset value of the Company. The gross value represents the aggregate of the long and short exposures without netting and so within this limit market exposure may be significantly less. The net exposure refers to the market exposure the Company has to the underlying securities on long CFD and index futures positions, less the market exposure to the underlying securities on which the Company has taken short CFD and index futures positions. Further definitions are provided in the glossary on page 81. To the extent derivatives are used to gear the Company's portfolio, aggregate gearing through the use of CFDs and index futures will not exceed 30% of net assets. Short positions may not exceed 30% of net assets. The Board's policy is that net gearing, borrowing less cash, should not exceed 20% of gross assets.

- Exposures are monitored daily by the Investment Manager and its independent risk management team. The Company's Board also reviews exposures regularly.

- The equity and CFD positions are diversified across sectors and geographies comprising 132 (2015: 120) CFD positions as at 30 November 2016.

The gross underlying notional exposures within the CFD portfolio and index futures at 30 November 2016 and 2015 were:

	2016 £'000	% of net assets	2015 £'000	% of net assets
CFDs – gross exposure relating to short positions	23,260	7.7	26,256	9.1
CFDs – gross exposure relating to long positions	56,467	18.7	42,580	14.9
Index Futures – short position	2,452	0.8	–	–
Gross economic exposure subject to a 30% restriction (see above)	82,179	27.2	68,836	24.0
Net market exposure	30,755	10.2	16,324	5.8

The economic exposures within the CFD portfolio and index futures can be closed out at any time by the Company subject to market liquidity.

Concentration of exposure to market price risks

An analysis of the Company's fifty largest investments, and sector analysis, is shown on pages 16 to 20. At 30 November 2016, this shows the majority of the investments' value is in UK companies. Accordingly, there is concentration of exposure to the UK, although 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

As the Company's objective is to achieve capital growth for shareholders through investment mainly in smaller UK quoted companies, substantially all of the Company's assets are sterling denominated. From time to time the Company may hold an overseas line of stock to the extent that the underlying investment has exposure to the UK market, and consequently at any time a very small proportion of the Company's assets, liabilities and income may be denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results).

There were no non-sterling denominated investments held within the Company's portfolio at 30 November 2016 (2015: nil) and consequently no currency exposure in this respect.

(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 on positions within the CFD portfolio. 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. Movements in interest rates will also have an impact on the financing costs of the CFD derivative contracts, see below for further details.

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Interest rate exposure

The exposure at 30 November 2016 and 2015 of financial assets and liabilities to interest rate risk is shown by reference to:

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

	2016 due within one year £'000	2015 due within one year £'000
Exposure to floating interest rates:		
CFD and index futures derivative contracts		
– Notional long CFD positions	56,467	42,580
– Notional short CFD positions	(23,260)	(26,256)
– Notional short index future positions	(2,452)	–
BlackRock's Institutional Cash Series plc – Sterling Liquidity Fund	5,390	2,216
Cash at bank	119	128
Collateral paid in respect of contracts for difference and index futures	152	–
Collateral received in respect of contracts for difference	(1,423)	(1,234)

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. Derivative contracts are not used to hedge against the exposure to interest rate risk. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

The Company is exposed to interest rate risk on cash holdings and CFD positions held within the portfolio.

The Company incurs a charge based on LIBOR plus 25 basis points for long positions and receives a benefit based on LIBOR minus 35 basis points for short positions. Notional interest is determined on a gross basis; i.e. for this purpose long and short positions or exposures within the master agreement are not netted for calculation of notional interest. Further details of notional interest arising in the year in relation to the CFD portfolio are given in note 12 on page 58.

The Company has additional exposure to interest rate risk in relation to its holding in BlackRock's Institutional Cash Series plc – Sterling Liquidity Fund. Interest received on this holding in the year was on average 0.36% (2015: 0.36%).

The Company does not have any fixed rate exposure at 30 November 2016 or 30 November 2015. Interest received on cash balances, or paid on bank overdrafts respectively, was approximately 0.09% and 1.40% per annum (2015: 0.15% and 1.48%).

(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 equity investments and through its positions in long and short CFDs.

Credit Risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk team. The team is headed by BlackRock's Chief Credit Officer who reports to the Global Head of RQA. Credit authority resides with the Chief Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Credit Officer, or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Credit Officer. The creditworthiness of the financial institutions with whom cash is held is reviewed regularly by the Investment Manager.

The BlackRock RQA Counterparty and Concentration Risk team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures and the collateral management process.

17. RISK MANAGEMENT POLICIES AND PROCEDURES continued

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

Depositary

The Company's Depositary is BNY Mellon Trust & Depositary (UK) Limited (the 'Depositary') (Moody's long term credit rating as at 30 November 2016: Aa2). All of the equity assets and cash of the Company are held within the custodial network of the Depositary. Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to its investments held by the Depositary to be delayed or limited. The maximum exposure to this risk at 30 November 2016 is the total value of equity investments held with the Depositary and cash and cash equivalents in the Statement of Financial Position.

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

Counterparties/brokers

All transactions in listed securities are settled/paid for upon delivery using an approved broker whose credit standard is reviewed periodically by the Investment Manager. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on a purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligation. Limits are set on the amount that may be due from any one broker.

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

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

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 CFD 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).

Year	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
2016	4	1,099	(1,125)	1,372	A-2
2015	4	1,038	(1,234)	1,684	A-2

* Calculated on a net basis.

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. 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 received by the Company is separately identified as a liability on the Statement of Financial Position.

The 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.

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Over-the-counter (OTC) financial derivative instruments

The Company's holdings in CFD contracts present counterparty credit risk. The Company's maximum exposure to counterparty credit risk from holding these contracts will be equal to the amount of any net unrealised gains or losses as disclosed in the financial statements. CFD contracts generally require variation margins and thus the counterparty credit risk is monitored through the BlackRock RQA Counterparty and Concentration risk team who monitor the creditworthiness of the counterparty. Contracts for differences are over-the-counter contracts and transactions are usually governed by International Swaps and Derivatives Association (ISDA) master agreement documentation and definitions. For use of derivatives and management of price risk of derivatives, see pages 61 and 62. Under ISDA master agreements with the counterparties, the CFD contracts can be closed out at any time by the Company with immediate effect with return of the collateral pledged/received.

Receivables

Amounts due from debtors are disclosed on the Statement of Financial Position as receivables. The counterparties included in receivables are the same counterparties discussed previously under counterparty credit risk and subject to the same scrutiny by the BlackRock RQA Counterparty and Concentration Risk team. The Company monitors the ageing of receivables to mitigate the risk of debtor balances becoming overdue.

In summary, the exposure to credit risk at 30 November 2016 was as follows:

	2016 3 months or less £'000	2015 3 months or less £'000
Cash at bank	119	128
BlackRock's Institutional Cash Series plc – Sterling Liquidity Fund	5,390	2,216
Amounts due in respect of contracts for difference and index futures	1,934	1,118
Collateral paid in respect of contracts for difference and index futures	152	–
Other receivables	1,346	3,066
	8,941	6,528

None of the above assets were impaired or past due but not impaired.

The following table details the Trust's exposure to CFDs and index futures and net cash collateral (received/pledged in pound sterling) analysed by counterparty as at the balance sheet date:

	Receivable/ (payable) for CFDs £'000	Cash Collateral (received)/ pledged £'000
Deutsche Bank	831	(281)
JP Morgan	1,099	(1,125)
Bank of America Merrill Lynch	(6)	135
Credit Suisse	(19)	–
Merrill Lynch International	10	–
	1,915	(1,271)

During the year, the Company recognised gains of £7,093,000 (2015: £11,047,000) in relation to CFDs and index futures. Income of £192,000 (2015: £716,000) was received in the period and £463,000 (2015: £536,000) was paid in finance charges.

Offsetting disclosures

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

17. RISK MANAGEMENT POLICIES AND PROCEDURES continued

For financial reporting purposes, the Company offsets derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Financial Position. The disclosures set out in the following tables include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement.

At 30 November 2016 and 2015, the Company's derivative assets and liabilities (by type) are as follows:

	At 30 November 2016		At 30 November 2015	
Derivatives	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Index futures positions	10	–	–	–
CFD positions – long	2,458	(582)	1,149	(519)
CFD positions – short	858	(829)	964	(476)
Total derivative assets and liabilities in the Statements of Financial Position	3,326	(1,411)	2,113	(995)
Derivatives not subject to a master netting agreement	–	–	–	–
Total assets and liabilities subject to a master netting agreement	3,326	(1,411)	2,113	(995)

The following table presents the Company's derivative assets/(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 30 November 2016:

Counterparty	Derivative assets/ (liabilities) subject to a master netting agreement by a counterparty	Derivatives available for offset	Net amount as per statement of financial position	Non-cash collateral	Inbound cash collateral	Net amount of derivative assets/ (liabilities)*
	£'000	£'000	£'000	£'000	£'000	£'000
At 30 November 2016						
Bank of America Merrill Lynch	10	(6)	4	–	–	4
Deutsche Bank	1,153	(322)	831	–	(281)	550
Credit Suisse	–	(19)	(19)	–	–	(19)
JPMorgan	2,163	(1,064)	1,099	–	(1,099)	–
	3,326	(1,411)	1,915	–	(1,380)	535
At 30 November 2015						
Bank of America Merrill Lynch	–	–	–	–	–	–
Deutsche Bank	1,626	(588)	1,038	–	(1,038)	–
Credit Suisse	–	–	–	–	–	–
JPMorgan	487	(407)	80	–	–	80
	2,113	(995)	1,118	–	(1,038)	80

* Amount represents the net amount receivable/(payable) from the counterparty in the event of default.

Management of counterparty credit risk

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

The counterparty credit risk is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker;

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- transactions involving derivatives are 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 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 Mellon (International) Limited as the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal control reports;

- 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.

(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 of the margin calls on financial derivative instruments. At the year end, the Company had no overdraft facility (2015: nil).

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 30 November 2016 and 2015, based on the earliest date on which payment can be required, were as follows:

	2016 less than 3 months £'000	2015 less than 3 months £'000
Amounts due to CFD counterparty brokers in respect of collateral held on account	(1,423)	(1,234)
Derivative financial liabilities held at fair value through profit of loss	(25)	–
Amounts due to brokers, accruals and provisions	(3,024)	(6,171)
	(4,472)	(7,405)

Management of liquidity risk

The Company, by the very nature of its investment objective, invests in smaller companies, and liquidity in such securities can, from time to time, become constrained, making the investment difficult to realise at, or near, published market prices. The Company is exposed to liquidity risks from the leverage employed through exposure to long and short CFD positions. However, timely sale of trading positions can be impaired by many factors including decreased trading volume and increased price volatility. As a result, the Company may experience difficulties in disposing of assets to satisfy liquidity demands. Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands.

The underlying securities of the CFD portfolio are all quoted investments that can be realised readily. Short CFD positions are backed by sufficient margin cash to reduce risk. Additional cash is held within the portfolio to further mitigate risk.

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

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

(d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Statements of Financial Position at their fair value (investment and derivatives) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note 2(c) to the Financial Statements on page 51.

17. RISK MANAGEMENT POLICIES AND PROCEDURES continued

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

The fair value hierarchy has the following levels:

Level 1 – Quoted market price in an active market for an identical instrument. These include exchange traded derivatives. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Valuation techniques used to price securities based on observable inputs. This category includes 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 instruments such as futures, 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.

As at the year end the CFDs were valued using the underlying equity bid price and the contract price at the inception of the CFD trade or at the trade reset date. There have been no changes to the valuation technique since the previous year or as at the date of this report.

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

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

The 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.

Contracts for difference 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.

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

Financial assets/(liabilities) at fair value through profit or loss at 30 November 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	297,072	–	–	297,072
Contracts for difference (gross exposure on long positions)	–	56,467	–	56,467
Liabilities:				
Index futures – (gross exposure on short positions)	–	(2,452)	–	(2,452)
Contracts for difference (gross exposure on short positions)	–	(23,260)	–	(23,260)
	297,072	30,755	–	327,827

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Financial assets/(liabilities) at fair value through profit or loss at 30 November 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	287,220	–	–	287,220
Contracts for difference (gross exposure on long positions)	–	42,580	–	42,580
Liabilities:				
Contracts for difference (gross exposure on short positions)	–	(26,256)	–	(26,256)
	287,220	16,324	–	303,544

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 30 November 2016 and 30 November 2015. The Company did not hold any level 3 securities throughout the financial year or as at 30 November 2016 (2015: nil).

(e) Capital management policies and procedures

The Company's capital management objectives are:

- to ensure it will be able to continue as a going concern; and
- secure long term capital growth and an attractive total return primarily through investing in quoted securities in the UK, as well as through investment in a portfolio of contracts for differences and/or comparable equity derivatives.

This is to be achieved through an appropriate balance of equity capital and gearing. The policy is that any leverage arising through the Company's CFD portfolio, should not exceed 30% of net assets. Additionally net gearing (borrowing less cash) should not exceed 20% of net assets.

The Company's total capital at 30 November 2016 was £301,547,000 (2015: £286,343,000).

18. TRANSACTIONS WITH THE INVESTMENT MANAGER AND AIFM

BlackRock Fund Managers Limited ("BFM") was appointed as the Company's Alternative Investment Fund Manager (AIFM) with effect from 2 July 2014. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BIM (UK). Details of the fees payable to BFM are set out in note 4 on page 54. Transaction and relationship details are set out in the Director's Report on pages 23 to 28.

The investment management fee due to BFM for the year ended 30 November 2016 amounted to £2,483,000 (2015: £2,381,000). A performance fee accrued for the year ended 30 November 2016 amounted to £768,000 (2015: £3,401,000). At the year end, £656,000 was outstanding in respect of the management fee (2015: £1,233,000) and £768,000 (2015: £3,401,000) in respect of the performance fee.

In addition to the above services, BlackRock has provided the Company with marketing services. The total fees paid or payable for these services for the year ended 30 November 2016 amounted to £92,000 including VAT (2015: £41,000). Marketing fees of £113,000 (2015: £135,000) were outstanding at 30 November 2016.

The Company had an investment in BlackRock's Institutional Cash Series plc - Sterling Liquidity Fund of £5,390,000 at 30 November 2016 (2015: £2,216,000), which is a money market fund managed by BlackRock Group.

19. RELATED PARTY DISCLOSURE – DIRECTORS' EMOLUMENTS

The related party transactions with Directors are set out in the Directors' Remuneration Report on pages 29 to 32. At 30 November 2016, an amount of £12,000 (2015: £nil) was payable to Directors in respect of their annual fees.

20. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 November 2016 (2015: nil).

Additional information

Analysis of ordinary shareholders 30 November 2016

BY TYPE OF HOLDER

30 November	Number of shares 2016	Number of shares 2015	% of total 2016	% of total 2015	Number of holders 2016	Number of holders 2015	% of total 2016	% of total 2015
Individuals	4,660,063	4,808,028	6.3	6.6	956	982	61.4	61.7
Bank or Nominees	67,817,788	67,041,559	92.7	91.7	554	563	35.6	35.3
Other	652,475	1,280,739	1.0	1.7	47	48	3.0	3.0
Total	**73,130,326**	**73,130,326**	**100.0**	**100.0**	**1,557**	**1,593**	**100.0**	**100.0**
Excludes Treasury Shares of 7,400,000								

BY SIZE OF HOLDING

30 November	Number of Shares 2016	Number of Shares 2015	% of total 2016	% of total 2015	Number of holders 2016	Number of holders 2015	% of total 2016	% of total 2015
1 – 10,000	3,915,670	4,027,048	5.3	5.5	1,217	1,248	78.2	78.3
10,001 – 100,000	7,063,142	7,194,380	9.6	9.8	248	259	15.9	16.3
100,001 – 1,000,000	22,832,180	23,378,705	31.3	32.0	74	68	4.7	4.3
1,000,001 – 5,000,000	34,088,745	32,927,070	46.6	45.0	17	17	1.1	1.0
Over 5,000,000	5,230,589	5,603,123	7.2	7.7	1	1	0.1	0.1
Total	**73,130,326**	**73,130,326**	**100.0**	**100.0**	**1,557**	**1,593**	**100.0**	**100.0**
Excludes Treasury Shares of 7,400,000								

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Additional information

Management & other service providers

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

* Authorised and regulated by the Financial Conduct Authority.
** BlackRock Fund Managers Limited (BFM) was appointed as the Alternative Investment Fund Manager on 2 July 2014. BlackRock Investment Management (UK) Limited continues to act as the Investment Manager of the Company under a delegation agreement with BFM.

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Additional information

Shareholder information

FINANCIAL CALENDAR

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

February
Annual results announced and annual report and financial statements published.

March
Annual General Meeting.

March
Final dividend paid.

July
Interim figures announced and half yearly financial report published.

August
Interim dividend paid.

DIVIDEND

The proposed final dividend in respect of the year ended 30 November 2016 is 6.25 pence per share. The Board also declared an interim dividend of 1.25 pence per share which was paid on 19 August 2016 to shareholders on the register on 29 July 2016.

Ex-dividend date (shares transferred without the dividend)	16 February 2017
Record date (last date for registering transfers to receive the dividend)	17 February 2017
Dividend payment date	29 March 2017

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, on 0370 707 4016 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 TAX ALLOWANCE

From April 2016 dividend tax credits have been 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 a 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 the shareholder's responsibility to include all dividend income when calculating any tax liability. This change was announced by the Chancellor, as part of the UK government Budget, in July 2015. If you have any tax queries, please contact a Financial Advisor.

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 on 0370 707 4016. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 8 March 2017.

SHARE PRICE

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

ISIN/SEDOL NUMBERS

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

	Ordinary shares
ISIN	GB0008910555
SEDOL	0891055
Reuters Code	THRG.L
Bloomberg Code	THRG:LN

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 certificate or form of proxy. Shareholders who hold a share certificate issued by Capita Registrars should insert a 'C' before the number quoted on the certificate.

Internet dealing – The fee for this service is 1% of the value of each sale or purchase of shares (minimum £20 for nominee

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trades and £30 for certificated trades). Stamp duty of 0.5% is payable on purchases.

Telephone dealing – The fee for this service will be 1% of the value of the transaction (plus £25 for nominee trades and £35 for certificated trades). Stamp duty of 0.5% is payable on purchases.

ELECTRONIC COMMUNICATIONS

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

Shareholders who opt for this service will receive an e-mail from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and downloaded.

Please submit your email address by visiting investorcentre.co.uk/ecomms (you will need your shareholder reference number, which is given on your share certificate or dividend confirmation).

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

ELECTRONIC PROXY VOTING

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at eproxyappointment.com using 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.

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.

NOMINEE CODE

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

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance;
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available; and
- that investors in the BlackRock Investment Trust Savings Plan and NISA are automatically sent shareholder communications, including details of general meetings, together with a form of direction to facilitate voting and to seek authority to attend.

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

PUBLICATION OF NAV/PORTFOLIO ANALYSIS

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

The daily NAV 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/thrg and through the Reuters News Service under the code 'BLRKINDEX', on page 8800 on Topic 3 (ICV terminals) and under 'BLRK' on Bloomberg (monthly information only).

ONLINE ACCESS

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

The financial statements and other literature are published on the BlackRock 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. Shareholders who hold a share certificate which has been issued by Capita Registrars should insert a 'C' before the shareholder reference number quoted on the certificate.

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Additional information

Shareholder information continued

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 e-mail 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.

LIVE STREAMING

The Annual General Meeting of the Company to be held at 11.00 am on Wednesday, 22 March 2017 will be live streamed via the internet. If you are unable to attend the meeting you can register to view it online as it happens via the Company's website at: blackrock.co.uk/thrg. You will be able to watch the Portfolio Managers present on how the Company has performed over the last financial year and their outlook for the coming months.

Questions can also be submitted online prior to the event or directly throughout the presentation using the online question form available through the link above. Although you are able to view the AGM via the live stream, this does not constitute attendance at the AGM. You cannot exercise any voting rights you may hold via this medium and there is no guarantee that any questions submitted will be answered. The live stream should not be viewed as an alternative to attending in person and has been provided to allow shareholders who are unable to attend in person to view the meeting live. Should you wish to appoint the Chairman or another person as your proxy, please follow the instructions on 'electronic proxy voting' on the previous page or submit your completed proxy card to the Registrar in the business reply envelope provided.

The AGM will also be available to watch on demand shortly after the meeting on the Company's website, www.blackrock.co.uk/thrg.

SAVINGS PLAN

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

STOCKS AND SHARES INDIVIDUAL SAVINGS ACCOUNTS (NISA)

NISAs are a tax-efficient method of investment and the Company's shares are eligible investments within the BIM (UK) Investment Trust stocks and shares NISA. In the 2016/2017 tax year, investors will be able to invest up to £15,240 in New ISAs either as cash or shares. Details are available from BlackRock by calling free on 0800 44 55 22.

SHAREHOLDER ENQUIRIES

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes the shareholder reference number, available from either the share certificate, form of proxy or dividend confirmation or other electronic communications previously received from Computershare. Shareholders who hold a share certificate which has been issued by Capita Registrars should insert a 'C' before the shareholder reference number quoted on the certificate.

The address of the Computershare website is investorcentre.co.uk. Alternatively please contact the registrar on 0370 707 4016.

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

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

GENERAL ENQUIRIES

Enquiries about the Company should be directed to:

The Company Secretary
BlackRock Throgmorton Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Cosec@blackrock.com

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

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

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Regulatory disclosures

AIFMD disclosures

REPORT ON REMUNERATION

The Alternative Investment Fund Managers' Directive (AIFMD) requires certain disclosures to be made with regard to the remuneration policy of the Company's AIFM.

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

Quantitative Remuneration Disclosure

Disclosures in accordance with FUND 3.3.5, Article 22(2)e and 22(2)(f) of the AIFMD and Article 107 of the Delegated Regulation can be found on the Company website at: blackrock.co.uk/thrg

Leverage

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. Consistent with its investment objectives and policy, the Company may utilise derivative instruments as part of its investment policy.

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

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

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

Derivatives	Commitment leverage as at 30 November 2016	Gross leverage as at 30 November 2016
Leverage ratio	1.34	1.25

Other risk disclosures

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 17 to the notes to the financial statements on pages 60 to 69.

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/thrg.

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.

Kevin Mayger, for and on behalf of
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
10 February 2017

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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 or any subsidiary undertaking.

9.8.4 (7) The Company has not allotted any equity securities during the year.

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.

Kevin Mayger, for and on behalf of
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
10 February 2017

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Annual General Meeting

Notice of annual general meeting

Notice is hereby given that the fifty ninth Annual General Meeting of BlackRock Throgmorton Trust plc will be held at the offices of BlackRock, 12 Throgmorton Avenue, London EC2N 2DL on Wednesday, 22 March 2017 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed in the case of resolutions 1 to 12, as ordinary resolutions and, in the case of resolutions 13 and 14, as special resolutions).

Resolution 2 is an advisory vote on the Directors' Remuneration Report, excluding any content relating to the proposed future remuneration policy as set out in the future policy table on page 30. Resolution 3 is a resolution subject to a binding vote, as a result of the remuneration disclosure regulations published by the Department for Business, Innovation and Skills (BIS) which were effective from 1 October 2013. As required under the regulations, the Company is seeking approval in this resolution of its remuneration policy, as set out in the future policy table on page 30 of the Directors' Remuneration Report.

The remuneration policy will take effect immediately on approval by shareholders and will continue to apply for the next three years, unless amended by the Company in general meeting at an earlier date.

ORDINARY BUSINESS

1. To receive the report of the Directors of the Company and the financial statements for the year ended 30 November 2016, together with the report of the auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 30 November 2016.

3. To approve the Directors' Remuneration Policy as set out in the future policy table in the Directors' Remuneration Report on page 30.

4. To approve a final dividend of 6.25 pence per share.

5. To elect Mr Samuel as a Director.

6. To elect Mr Pegge as a Director

7. To re-elect Lord Latymer as a Director.

8. To re-elect Mr Beart as a Director.

9. To re-elect Mr Greenlees as a Director.

10. To re-appoint Ernst & Young LLP as auditor to the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

11. To authorise the Audit Committee to determine the auditor's remuneration.

SPECIAL BUSINESS

ORDINARY RESOLUTION

12. 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 shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (Securities) up to an aggregate nominal amount of £365,651, (being 10% of the aggregate nominal amount of the issued share capital excluding treasury shares of the Company at the date of this notice) provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2018 but so that the Company may, before such expiry, make any offer or agreement which would or might require relevant securities to be allotted pursuant to any such offer or agreement as if the authority hereby conferred had not expired.

SPECIAL RESOLUTIONS

13. That, in substitution for all existing authorities and subject to the passing of resolution 12, 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 resolution 12, as if section 561(1) of the Act did not apply to any such allotments and sales of equity securities, provided that this power:

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

    (b) shall be limited to the allotment of equity securities and/or sale of equity securities held in treasury for cash up to an aggregate nominal amount of £365,651, (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 and/or the sale of equity securities held in treasury at a price of not less than the net asset value per share as close as practicable to the allotment or sale.

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14. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 5p in the Company (Shares), the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases of Shares (within the meaning of section 693 of the Act), provided that:

    (a) the maximum number of Shares hereby authorised to be purchased is 10,962,235, (being 14.99% of the Company's issued ordinary share capital, excluding treasury shares at the date of this notice);

    (b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 5p being the nominal value per share;

    (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be the higher of: (i) 5% above the average of the market value of a Share for the five business days immediately preceding the date of purchase as derived from the Daily Official List of the London Stock Exchange; and (ii) the higher of the price quoted for (a) the last independent trade of; and (b) the highest current independent bid for, any number of Shares on the trading venue where the purchase is carried out; and

    (d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2018 save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry.

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

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

    (ii) cancelled immediately upon completion of the purchase.

BY ORDER OF THE BOARD
Kevin Mayger, for and on behalf of
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
10 February 2017

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

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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 annual report. 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 printed thereon as soon as possible and in any event by not later than 11.00 a.m. on 20 March 2017. 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 11.00 a.m. on 20 March 2017.
3. Completion and return of the form of proxy will not prevent you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.
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. Only shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of the ordinary 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 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 ordinary shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
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 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. Holders of ordinary shares through the Savings Schemes are entitled to attend and vote at the meeting if the voting instruction form, which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon.
11. If the Chairman, as a result of a proxy appointments, is given discretion as to how the votes subject of those proxies are cast and 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 Financial Conduct Authority.
12. Any questions relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

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14. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be 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 any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
15. As at 10 February 2017 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital consisted of 73,130,326 ordinary shares of 5p each, excluding shares held in treasury. Each ordinary share carries the right to one vote and therefore the total voting rights in the Company as at the date of this report are 73,130,326.
16. Further information regarding the meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting, can be accessed at blackrock.co.uk/thrg.
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.

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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 'total equity' by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 30 November 2016, total equity was £301,547,000 and there were 73,130,326 ordinary shares in issue (excluding treasury shares); the NAV was therefore 412.34p per ordinary share.

Total equity is calculated by deducting from the Company's total assets, its current and long term liabilities and provision for liabilities and charges.

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. In this circumstance, the price that an investor pays or receives for a share would be less than the value attributable to it 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 90p and the NAV 100p, the discount would be 10%.

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 100p and the NAV 90p, the premium would be 11.1%.

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

STATEMENT OF FINANCIAL POSITION/BALANCE SHEET

The Statement of Financial Position is the primary statement previously known as the Balance Sheet.

CONTRACTS FOR DIFFERENCE (CFD)

A Contract for Difference is an agreement to exchange the difference in value of a particular share or index between the time at which a contract is opened and the time at which it is closed. A CFD allows an investor to gain access to the movement in the share price by putting down a small amount of cash known as a margin.

CFDs do not have an expiry date like options or futures contracts. As opposed to an expiry date a CFD is effectively renewed at the close of each trading day and rolled forward if desired.

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.

NM0424U-3528877-83/86

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

NM0424U-3528877-84/86

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007341a-OTHR-NOV16

NM0424U-3528877-86/86