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BlackRock

BlackRock Greater Europe Investment Trust plc

Annual Report and Financial Statements 31 August 2021

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Financial highlights

692.00p[1]
Ordinary share price
+56.8%[2,3]

678.49p
NAV per ordinary share
+49.4%[2,3]

£651.7m
Net assets

6.30p
Total dividends
+2.4%

0.9%[3,4]
Yield

Percentage comparisons are year-on-year against 31 August 2020.

1 Mid-market.
2 Performance figures are calculated in sterling terms with dividends reinvested.
3 Alternative Performance Measures. See Glossary on pages 105 and 106.
4 Based on dividends paid and declared for the year ended 31 August 2021 and share price as at 31 August 2021.

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Why BlackRock Greater Europe Investment Trust plc?

Investment objective

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

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

Reasons to invest

Conviction

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

Long-term focus

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

Risk aware

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

Personnel

The Company benefits from two leading teams within BlackRock's Fundamental Equity division. The 20-strong European Equity team, as well as seven analysts focusing on Emerging Europe from the Global Emerging Markets team.

Differentiated opportunity

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

aic
The Association of Investment Companies

A member of the Association of Investment Companies

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

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Cover: The Hague, Netherlands.
Inside cover: Warsaw, Poland.

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Performance record

	As at 31 August 2021	As at 31 August 2020
Net assets (£'000)[1]	651,731	387,861
Net asset value per ordinary share (pence)	678.49	459.97
Ordinary share price (mid-market) (pence)	692.00	447.00
Premium/(discount) to cum income net asset value[2]	2.0%	(2.8%)
FTSE World Europe ex UK Index	1869.96	1467.97

	For the year ended 31 August 2021	For the year ended 31 August 2020
Performance (with dividends reinvested)		
Net asset value per share[2]	49.4%	16.9%
Ordinary share price[2]	56.8%	18.0%
FTSE World Europe ex UK Index	27.4%	0.7%

	For the year ended 31 August 2021	For the year ended 31 August 2020	Change %
Revenue			
Net profit after taxation (£'000)	3,595	5,776	-37.8
Revenue profit per ordinary share (pence)	4.13	6.85	-39.7
Dividends (pence)			
Interim dividend	1.75	1.75	–
Final dividend	4.55	4.40	3.4
Total dividends paid/payable	6.30	6.15	2.4

Source: BlackRock.

1 The change in net assets reflects new ordinary shares issued, shares reissued from treasury, market movements and dividends paid.

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

Performance over the ten years to 31 August 2021

Sources: BlackRock and Datastream.
Performance with dividends reinvested in sterling terms, rebased to 100 at 1 September 2011.

Chairman's statement

Dear Shareholder

Eric Sanderson
Chairman

Performance overview

The past year has been a very successful one for your Company both with regard to excellent absolute returns and also relative to our reference index. This has resulted in significant demand for our shares and, since the end of January this year, we have either reissued shares from treasury or issued new shares at a premium to the net asset value (NAV) per share to the aggregate value of £89,004,000 up to 2 November 2021. This is very pleasing.

After the COVID-19 pandemic outbreak and subsequent ramifications in 2020, the restart of economic activity has gathered pace and 2021 looks set to be one of the best years for growth in decades, albeit from a low base. The success of vaccinations in Europe, together with fiscal stimulus and easy monetary support, have provided a bridge through the pandemic and allowed many economies to recover more quickly than expected.

Against this backdrop, it is very pleasing to report that over the year ended 31 August 2021 the Company's NAV per share returned 49.4%, outperforming its reference index, the FTSE World Europe ex UK Index, which returned 27.4%. The Company's share price returned 56.8% over the same period (all percentages calculated in sterling terms with dividends reinvested).

Since the financial year end and up to close of business on 2 November 2021, the Company's NAV has increased by 2.3% compared with a rise in the FTSE World Europe ex UK Index of 1.3% over the same period.

Revenue earnings and dividends

The Company's revenue return per share for the year ended 31 August 2021 amounted to 4.13p per share, which compares with 6.85p per share for the previous year, a decrease of 39.7%. In the previous year the revenue return had been enhanced by taxation recoveries in some of the jurisdictions in which we invest. In April the Board declared an interim dividend of 1.75p per share (2020: 1.75p) and the Board is proposing the payment of a final dividend of 4.55p per share for the year (2020: 4.40p). This, together with the interim dividend, makes a total dividend for the year of 6.30p per share (2020: 6.15p), a rise of 2.4%. The dividend will be funded primarily from dividend income received in the year, supported by a payment from revenue reserves. We are fortunate in having strong revenue reserves with which to fund this.

Subject to shareholder approval, the dividend will be paid on 17 December 2021 to shareholders on the Company's register on 19 November 2021, the ex-dividend date being 18 November 2021.

The outlook for Europe is positive as vaccination rates rise and retail sales and consumer demand point to a strengthening economic recovery

Discount/premium

Over the year to 31 August 2021, the Company's shares have traded at an average premium of 0.1% and within a range of a 7.4% discount to a 4.1% premium. The Company did not buy back any shares during the year but has reissued 8,432,310 ordinary shares from treasury at a premium to NAV at an average price of 595.33p per share for a net consideration of £50,200,000. In addition, the Company allotted a total of 3,300,000 new ordinary shares during the year at an average price of 674.61p per share for a net consideration of £22,262,000. Since the year end up to 2 November 2021, a further 2,400,000 ordinary shares have been allotted at an average price of 689.12p per share for a total consideration of £16,542,000. These shares have been issued at an average premium over NAV of 2.1% (excluding costs).

As reported in the Half Yearly Financial Report, the Directors exercised their discretion not to operate the half yearly tender offers in November 2020 and May 2021. It was also announced on 30 September 2021 that the Board had decided not to implement a semi-annual tender offer in November 2021. Over the six-month period to 31 August 2021, the average premium to NAV (cum income) was 1.9%. The Board therefore concluded that it was not in the interests of shareholders, as a whole, to implement the latest semi-annual tender offer.

The Directors recognise the importance to investors that the market price of the Company's shares should not trade at a significant premium or discount to the underlying NAV. Accordingly, in normal market conditions, the Board may use the Company's share buy back and share issue powers, or operate six monthly tender offers, to ensure that the share price does not go to an excessive discount or premium to the underlying NAV. Resolutions to renew the Company's semi-annual tender offers and the authorities to issue and buy back shares will be put to shareholders at the forthcoming Annual General Meeting.

Outlook

The outlook for Europe is positive as vaccination rates rise and retail sales and consumer demand point to a strengthening economic recovery. Valuations of European stocks remain attractive relative to historical earnings multiples and are also significantly lower compared with either US stocks or European bonds. Additionally, investors remain significantly underweight in Europe in their portfolios and investor inflows are only just starting to pick up. All of this leads us to a positive view of the future.

Inflation remains the greatest concern and a key factor is the response by global central banks to inflation numbers. For now, the European Central Bank has not signalled any intention to increase rates as it continues to preserve favourable financing conditions. We see recent market strength for European equities persisting and a focus on fundamentals and active management will be critical for our Portfolio Managers to identify potential winners as the recovery strengthens.

Annual General Meeting (AGM)

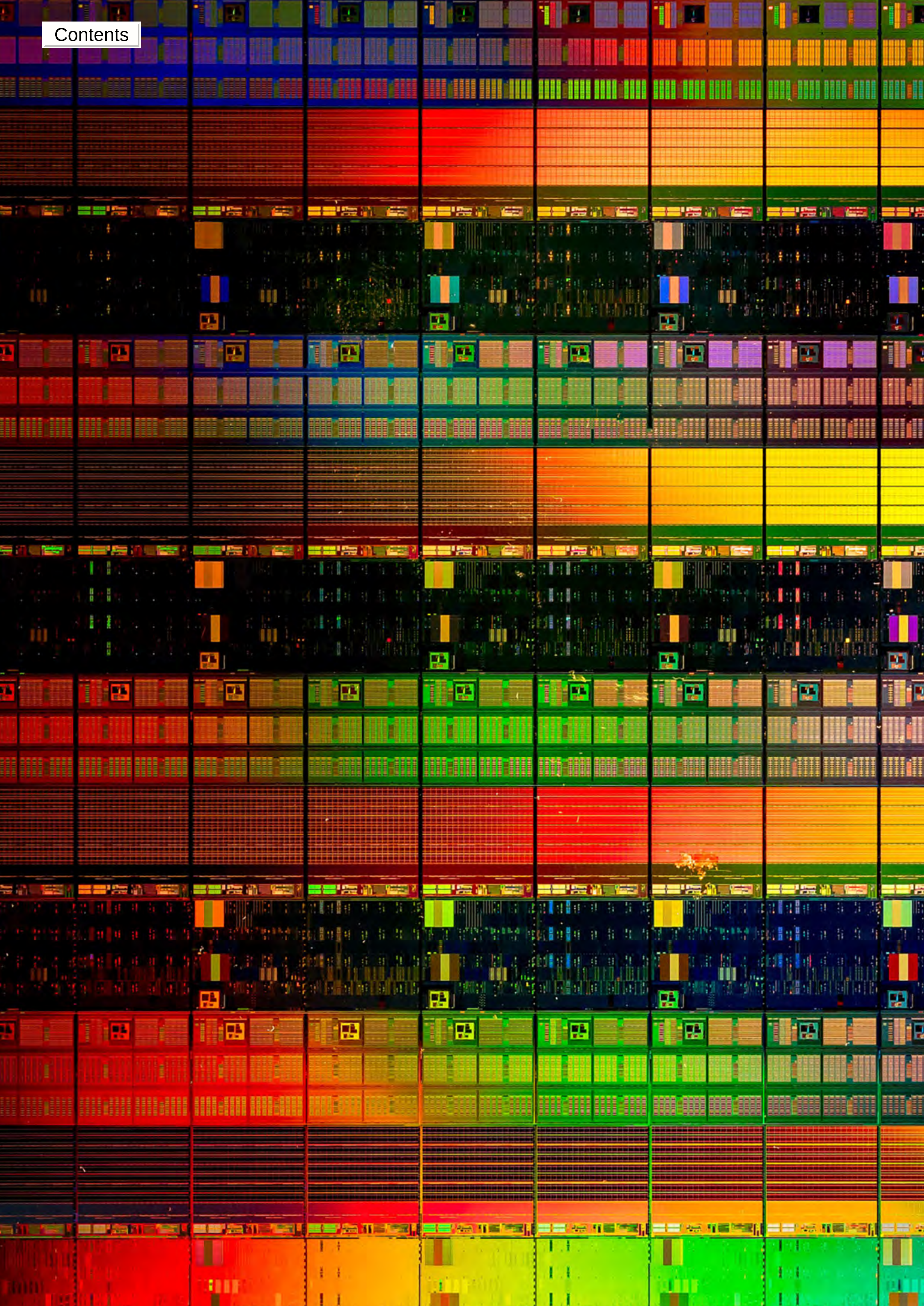
The AGM of the Company will be held at 12 Throgmorton Avenue, London EC2N 2DL (the venue) on Thursday, 9 December 2021 at 12 noon. In light of the ongoing COVID-19 pandemic, shareholders are strongly encouraged to submit a proxy vote in advance of the AGM, either by completing the hard copy Form of Proxy or online by following the instructions set out in the Notice of Annual General Meeting.

At present UK Government restrictions on public gatherings are no longer in force in connection with COVID-19 and the AGM can be held in the normal way with physical attendance by shareholders. However, shareholders should be aware that it is possible that such restrictions could be reimposed prior to the date of the AGM. In such event, these restrictions could mean that the AGM is required to be held as a closed meeting as happened last year with physical attendance limited to only a small number of attendees comprising the required quorum for the meeting and those persons whose attendance is necessary for the conduct of the meeting, and that any other persons will be refused entry. Accordingly, all shareholders are recommended to vote by proxy in advance of the AGM and to appoint the Chairman of the meeting as their proxy. This will ensure that shareholders' votes will be counted even if they (or any appointed proxy) are not able to attend. All votes will be taken by poll so that all proxy votes are counted.

The Company may impose entry restrictions on persons wishing to attend the AGM (including, if required, refusing entry) in order to secure the orderly conduct of the AGM and the safety of the attendees. All shareholders intending to attend should either be fully vaccinated or obtain a negative COVID test result before entering the venue. Negative test results must be obtained no earlier than one day before entering the venue and fully vaccinated shareholders are also strongly encouraged to get tested. Attendees will also be required to wear a face covering at all times within the venue except when seated in the relevant meeting room. Shareholders are also requested not to attend the AGM if they have tested positive for COVID-19 in the 10 days prior to the AGM, are experiencing new or worsening COVID-19 related symptoms, have been in close contact with anyone who is experiencing symptoms or has contracted COVID-19 during the 14 days prior to the AGM, or are required to self isolate pursuant to UK Government guidance.

Finally, most of our Board meetings during the year were held virtually but happily, during the summer, physical meetings were able to resume. I would like to thank my colleagues and our advisers for the versatility that they have shown throughout the pandemic in adapting to the circumstances and to welcome a return to a more normal modus of operation.

Eric Sanderson
Chairman
4 November 2021



Investment manager's report

Stefan Gries

Sam Vecht

Overview

The Company enjoyed positive performance over the year with a share price total return of +56.8% and underlying NAV total return of +49.4% in the twelve months to 31 August 2021. By way of comparison, the FTSE World Europe ex UK Index gained +27.4% over the same period. (All percentages are calculated in sterling terms with dividends reinvested.)

Our approach to active investing is predicated on our view that returns are a function of direct actions you take on the portfolio, as much as the actions you actively decline to take. The interconnected, almost hyperactive nature of our modern world means there is always something to worry about and investors are typically faced with a prevailing macro narrative that asks them to change the composition of their portfolio. Markets ultimately like to challenge investors taking the longer term and high conviction view. Success befalls those who clearly understand why the earnings stream in which they are invested offers duration and the potential for long-term value creation.

In last year's Annual Report, we explained how the COVID-19 pandemic posed a severe test to any investor's investment philosophy. It required a heightened focus on maintaining a long-term approach to investing, while resisting any distraction from short-term market gyrations. We had to lean heavily on our well-defined investment process: focusing on owning exceptional businesses with clearly articulated strategies, high returns on capital, strong free cash-flow generation and options to deploy capital into growth projects at attractive returns. This approach served our shareholders well during a turbulent 2020.

One of the portfolio's top performers during the period under review, Dutch multinational ASML manufactures the photolithography systems used by the semiconductor industry to produce microchips. The company is dominant within its sector and employs more than 28,000 people in 16 countries.

PHOTO COURTESY OF ASML

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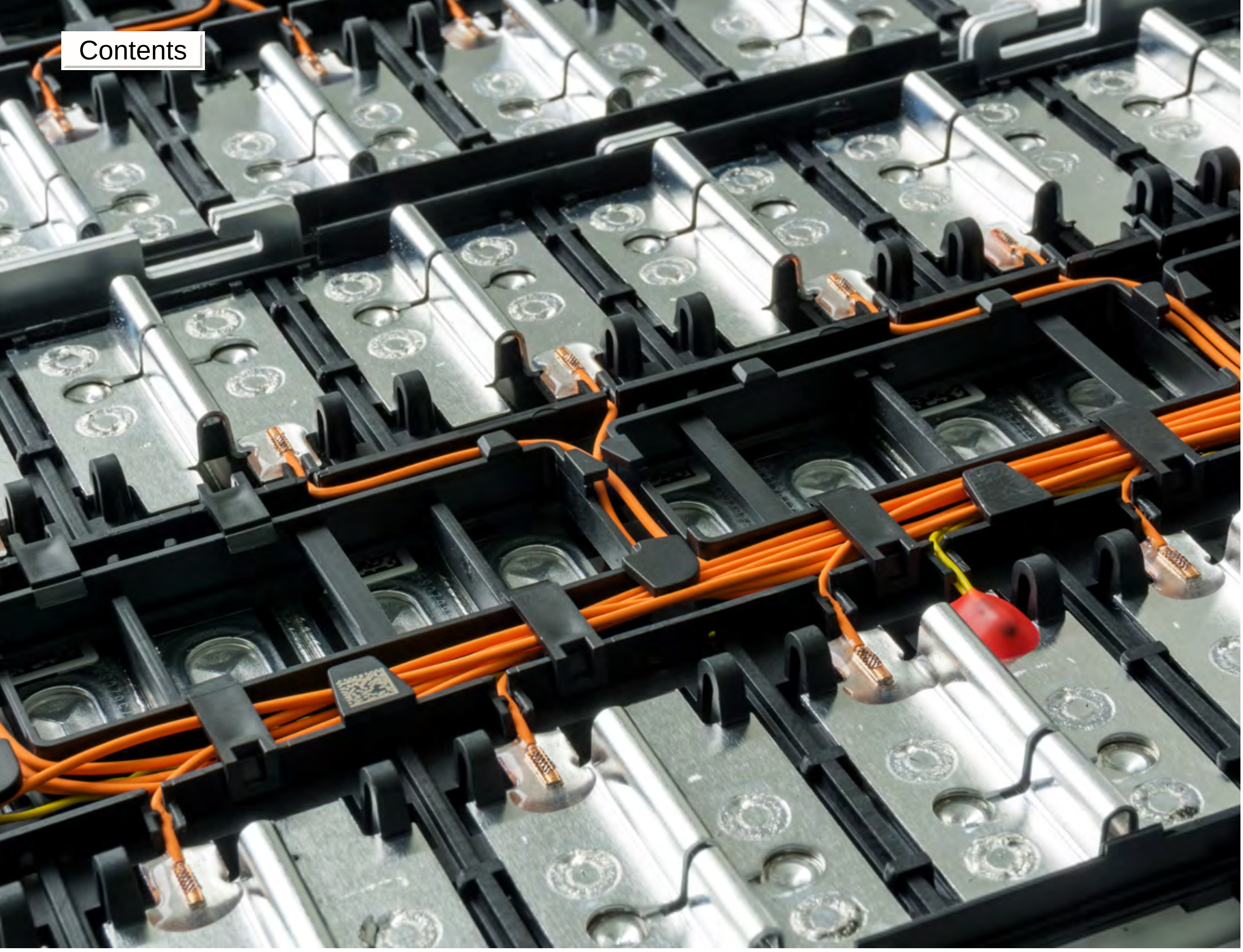


Demand for semiconductor components from a variety of sectors – including high performance computing, artificial intelligence, smartphones and electric vehicles – has left many end users in short supply. The semiconductor content in electric vehicles is five to six times larger than in traditional combustion engine cars.

While the global economy and European markets have shown impressive progress over the course of 2021, our investment approach was again challenged, this time by a shift in market leadership that saw old economy sectors propelling markets higher. Positive vaccine efficacy data released in November 2020 fuelled a powerful top-down narrative revolving around the reopening of economies, vaccine rollouts, inflationary pressures and rising interest rates. This led to cyclical, operationally levered parts of the market – less represented in this Company – such as banks, airlines, auto manufacturers and energy companies seeing significant share price rallies during the first four months of 2021.

As has now become a common occurrence, we were again presented with an eloquent thesis from a broad range of market strategists suggesting permanent regime change and that companies and sectors that had outperformed in the last ten years could not continue to do so. We had shared the optimism around the global economic recovery and been constructive on the outlook for corporate earnings since May last year but, equally, we had been consistent with our view that the post-COVID-19 world would unlikely look very different from the pre-COVID-19 environment. We felt that many of the effects we were seeing in the early part of the recovery were likely to be transitory in nature, which is a view around which markets have increasingly coalesced.

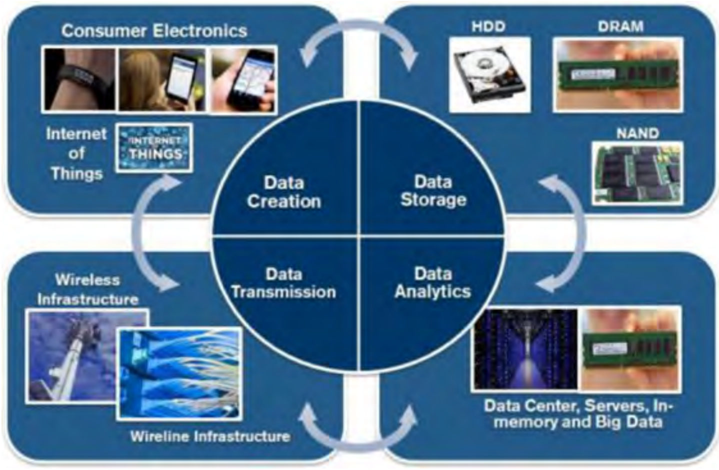
Portfolio

With this in mind, we are pleased to report that the overall shape of the portfolio has changed very little and shares in our Company have continued to deliver for shareholders despite all these significant events influencing markets over the course of last year. This adds credence to our approach of ignoring macro narratives and instead focusing on long duration growth in earnings and cashflows to drive returns for our shareholders.

One segment of the portfolio that exemplifies long duration value creation are our holdings in the European semiconductor industry including **ASML**, **BE Semiconductor** and **VAT Group** – all amongst our top performers over the period under review. These companies service different parts of the semiconductor value chain and are dominating their respective niches, affording them a healthy degree of pricing power. As is now well documented, the strength in demand for semiconductor components has left many end users in short supply. In fact, one of the reasons we were attracted to these companies in the first place was that the equipment they produce ultimately serve a broad range of end markets that should lend themselves to high, sustainable and value accretive growth. More specifically, demand is coming from areas like high performance computing, artificial intelligence, smartphones, 5G rollouts, gaming and accelerated servers, as well as the continued build-out of data centres and cloud infrastructure.

In addition, the semiconductor content in electric vehicles (EV) is five to six times larger than in traditional combustion engine cars which makes decarbonisation of transport another important driver of demand. In the first instance, semiconductor components are required for the interconnectivity in cars and ensure efficient power management of battery stacks. On top of the electric drivetrain, there is also higher semiconductor content coming from solutions like ADAS (Advanced Driver Assistance Systems – applications such as Lidar, Radar and other safety features) and Infotainment (wireless internet, Bluetooth, touchscreens etc.). Lastly, the semiconductor industry will benefit from continued innovation in the auto industry, like the nascent development of autonomous driving. As a simple rule of thumb, we can say that the more sophisticated and customised the car, the higher the content of semiconductor chips and sensors. Whilst traditional European car manufacturers rarely meet our investment criteria, we can gain exposure to the accelerated adoption of EVs via companies that ultimately act as enablers of one of the largest industrial transformations we are likely to experience in our careers. The good news here is that this process has only just begun and has a long way to run. In this context, we would note that semiconductor stocks are still only 4% of global market capitalisation whilst energy – a sector disadvantaged by the energy transition – still accounts for more than 5%, again pointing to the potential for long duration value creation.

The Data Growth Paradigm

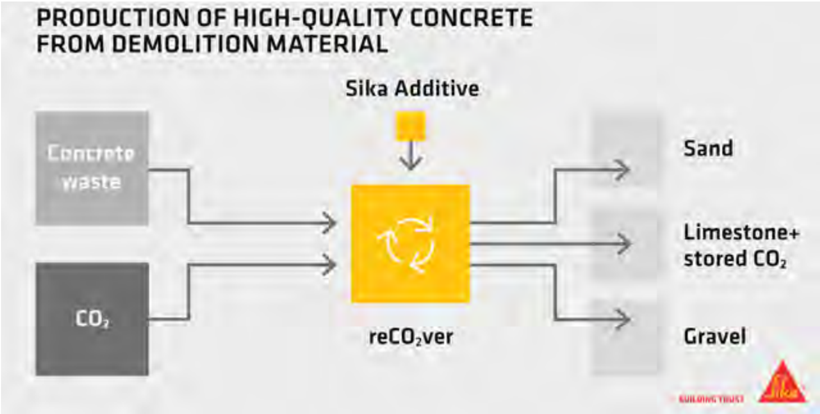


Source: Credit Suisse Equity Research, Company data, Credit Suisse estimates, July 2021.

Long duration value creation also often resides within organisations that are founder led, with an entrepreneurial culture, large addressable markets and a product offering that enables disruption and change. One of the best aspects of our jobs as stock pickers is to find those hidden gems early and to grow with them over long periods of time. An example of such a company is Danish-listed IT service provider **Netcompany Group**. This business helps both public and private sector clients to digitise their operations across four main markets in Denmark, Norway, the UK and the Netherlands. While digital transformation of our economies was a process well under way even before the pandemic, developments in 2020 forced many of Netcompany Group's clients to accelerate investment into information technology (IT) infrastructure that helped connect businesses with employees and clients alike. Its services have applications as diverse as a customs office looking to develop more efficient ways to collect taxes, helping local authorities to manage schools, or making Copenhagen airport one of the most technologically advanced in the world. Private sector clients also provide many different use cases for its services. In the financial services, logistics and utilities industries, Netcompany Group helps clients to modernise their IT stack with data analytics or to move their IT infrastructure into the cloud. Overall, this is a capital light business model generating high margins and attractive returns on invested capital which combined with high growth – even in 2020 this business grew 20% organically – makes for a powerful recipe for value creation.

Another key investment that has been generating value for our shareholders over prolonged periods of time is Swiss listed **Sika**, a global leader in construction and industrial chemicals and one of the Company's top performers over the past year. The company provides solutions for sealing, insulating, bonding and protecting load-bearing building structures, which are typically used in large infrastructure projects. We see Sika as an innovation powerhouse with a diversified and innovative product portfolio, as well as a well-invested distribution network across the 100+ countries in which it operates. In other parts of the group, Sika also holds a leading position in the supply of noise dampening material and high strength bonding agents used in the manufacture of EVs. With 50% of group sales coming from refurbishment and modernisation spend, Sika appears well positioned to capture some of the post pandemic global infrastructure spending, including investment initiatives coming out of the European Green Deal and the European Union (EU) Recovery Fund. Sika's management team has an excellent long-term track record in creating shareholder value and we expect them to continue to deploy capital in a way that allows for further margin expansion and for return on invested capital to move higher over the coming years. Finally, adopting a blue-sky mindset, we are keenly monitoring Sika's research and development initiatives in developing a process to recycle concrete – one of the most carbon intensive industrial processes – which provides further potential upside to an already strong stand-alone investment thesis.

Sika's new patented recycling process for old concrete



Source: Sika company presentation, July 2021.

Elsewhere within industrials, the Company enjoyed a strong performance contribution from logistics and transport group **DSV Panalpina** (DSV). DSV did an excellent job integrating the Panalpina business acquired in 2019, which helped the company grow volumes and earnings with little net additions in costs. Furthermore, DSV announced its next acquisition, buying Kuwait-based Agility's logistics business in a US$4.1 billion deal in March this year, becoming the third largest freight forwarder globally. Agility is roughly 25% of the size in volume of DSV and we expect this deal to be highly earnings accretive post synergies.

The Company also benefited from strong stock selection within the health care sector where long-term holding **Novo Nordisk**, a global leader in diabetes care, contributed strongly once again. Shares moved higher following US Food and Drug Administration (FDA) approval for its weight management drug Wegovy. At present, 80% of Novo Nordisk's business relates to diabetes drugs and we see the potential for its obesity franchise at only 6% of group sales to deliver high margin and long duration growth for many years to come. In addition to sector leading growth, Novo Nordisk offers high returns and best in class cash flow conversion, with any excess in capital being returned to shareholders. Dental implant manufacturer **Straumann** also traded strongly; in this case we see upside to market expectations stemming from their opportunity to take market share in China which remains a largely under-penetrated market.

The largest relative detractor was German software group **SAP**. Depressed business spending and delayed decision making by major clients led the company to publish weaker than expected results, as well as a cut to its revenue and profit forecasts. In this context, SAP updated its medium-term targets, essentially pushing out a long-awaited improvement in operating margins by up to two years. We had expected the management team to potentially update its strategic targets in light of COVID-19, however, we were left surprised by the extent of revisions to forecasts. Having reviewed the investment case in detail, we decided to exit the position.

Similar to 2020, some of our travel related holdings including **Amadeus IT Group** and **Safran** were amongst the bottom performers for the year. This was the result of weakness in air traffic volumes, with the timing of a more sustained recovery in air travel remaining uncertain. Whilst markets had hoped for travel to recover more quickly, we do not expect a structural change in consumer behaviour over the medium term and believe travel will recover strongly once restrictions are removed.

As mentioned above, overall portfolio changes were limited, with turnover for the period of 20% pointing to an average holding period of five years. Dislocations in markets, whatever form they might take, afford the patient investor opportunities to add to existing holdings, or at times create entry points in exceptional businesses at sharply reduced valuations. In the early part of 2021, a severe rotation in markets created such an opportunity to add to one of our long-term favourites, Swiss listed **Lonza Group** (Lonza), as its shares lagged the cyclical value rally materialising at the time. We used this share price weakness to top up our position as we remained confident that from an operational perspective the business was firing on all cylinders. As a contract manufacturer of high-end drugs, Lonza operates in a highly attractive market niche, holding the dominant market position globally. If anything, the predictability of this business' earnings and cashflows materially improved over the course of the first half of the year, as Lonza disposed of its more cyclical specialty ingredients operations. The remaining part of the group enjoys exceptionally strong demand fundamentals, creating multiple opportunities to redeploy cash at returns on capital close to 30%, a compelling proposition. Lonza's competitive advantages stem from the complexity of the production process, where few peers can match its offering. This is cemented by high barriers to entry given that all production facilities have to be certified by the FDA. Overall, we expect Lonza's biologics business to grow in the mid-teens every year for the next ten years, with positive pricing given the shortage of capacity in the market.

Other notable changes included additions to existing holdings in **Hermès, Kering, Amadeus IT Group** and **DSV**. Equally, we used the strength in financials during the early part of the year to take profits in **Sberbank, Alpha Bank** and **KBC**, all of which had enjoyed strong share price performances on the back of vaccine induced recovery euphoria. Overall, we remain very selective in financials as the banking industry remains dogged by the persistence of the low rate environment, as well as fierce competition, leading to a generally tough operating environment.

With strong investment performance and significant share issuance, the Company is much bigger than it was a year ago. The additional funds have been invested in existing holdings and in a small number of new holdings. The number of companies in which we now invest is 44 compared to 38 a year ago.

Outlook

As stated earlier, when it comes to the outlook for the region our base case remains largely unchanged and the likely post-COVID-19 world will not look very different from the pre-COVID-19 environment. We expect nominal global gross domestic product growth to remain in a range of 3% to 6% and for interest rates to stay low for a prolonged period of time caused by secular factors like the high level of indebtedness in the developed world, ageing demographics, as well as the deflationary impact of automation and digitalisation on our economies. What makes Europe more appealing near term is the fact that its recovery has lagged regions such as the US and China. Key European economies such as France, Germany and Spain are still in the process of regaining output lost during 2020. Furthermore, with more fiscal stimulus coming from the EU Recovery Fund as well as spending from individual countries, European equities appear well set to continue recovering into 2022 and beyond.

Beyond 2021, select companies will continue to grow quickly whilst others are likely to struggle with tougher comparatives, mediocre growth and the same structural challenges that plagued old economy industries pre-pandemic. To us, this simply highlights the importance of taking an active approach to investing in European equities. As fundamental stock pickers we will continue to focus all of our research hours on identifying end markets and income streams that lend themselves to value creation on a duration basis. We aim to continue behaving like owners of businesses rather than traders of shares. With these principles rooted in our philosophy, process and daily activities, we aim to continue delivering on the Company's investment objective of providing long-term growth in capital to clients.

Stefan Gries and Sam Vecht
BlackRock Investment Management (UK) Limited
4 November 2021

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Portfolio

Construction and industrial chemicals specialist Sika was one of the portfolio's top performers over the past year. Headquartered in Switzerland, the company has subsidiaries in 100 countries around the world and manufactures in more than 300 factories. Its products and solutions were used in the transformation of the landmark Zeitz Museum of Contemporary Art Africa in Cape Town, pictured here.

PHOTO COURTESY OF SIKA

Investment process and philosophy

Investment objective

The Company's objective is the achievement of capital growth, primarily through investment in a focused portfolio constructed from a combination of the securities of large, mid and small capitalisation European companies, together with some investment in the developing markets of Europe. The Company is a concentrated, high conviction portfolio with a long investment horizon and can have up to 25% of its overall risk allocation from developing European stocks.

The Company is managed by Stefan Gries, who is supported by BlackRock's Fundamental Equity European team, and by Sam Vecht, who is supported by BlackRock's Fundamental Emerging Europe team.

Investment philosophy

The Portfolio Managers believe there is a scarcity of truly exceptional businesses in Europe which have sustainable business models that can compound earnings at attractive rates over time. This leads us to running a high conviction, concentrated portfolio which seeks to invest in the best wealth creating businesses on a three to five-year view.

The portfolio has a core exposure to businesses in the developed European markets that we believe offer predictable and diversified sources of earnings and cash flows. Portfolio Manager Stefan Gries and the European team focus on identifying companies that fit the following investment criteria:

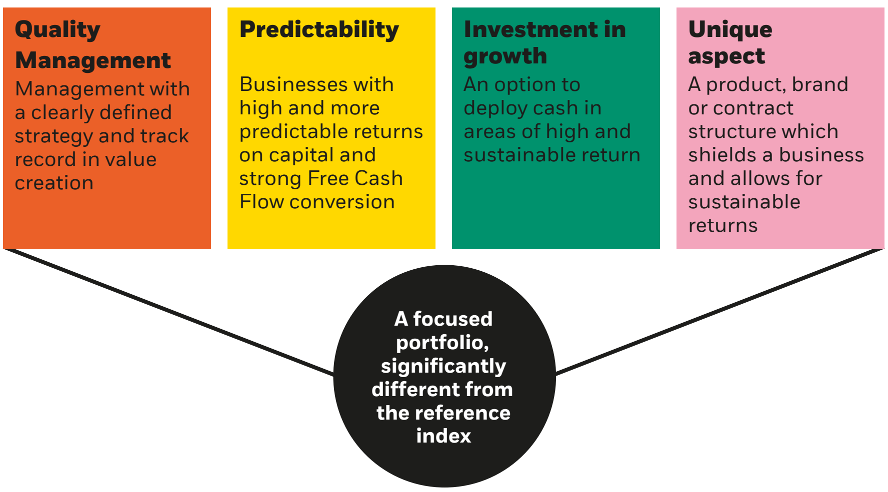
- **Quality management:** A company which has a clearly defined strategy, which can be articulated by management, and a strong track record of value creation.
- **High and predictable return on capital** with strong free cash flow conversion: we want to identify high-quality earnings which are backed by cash and where there is good visibility on the business trajectory.
- **Investment in growth:** Looking for companies which have optionality to invest in growth. Return on invested capital (ROIC) is an important measure in this regard, particularly marginal ROIC.
- **A unique aspect**, protecting the business from future competition: whether a product, brand or contract structure, we look for a differentiated factor that supports a competitive advantage for a company, allowing them to have superior pricing power and a protected/growing market share.

Opportunistically, we can allocate to developing European stocks, where Portfolio Manager Sam Vecht and his Emerging European team deliver insights. Sam Vecht has a more contrarian style which is suited for the Eastern European market. He is also involved in decision making around the gearing of the portfolio which we use to emphasise returns.

Investment process

The Company invests mostly in European large and mid-cap securities with a market capitalisation in excess of £500 million and can hold approximately 30 to 70 stocks, although we are typically centred towards the bottom of the range.

Primary investment criteria



The European team adopts a common framework that can serve all the team's strategies. Our aim is to own businesses on behalf of our clients in order to preserve their capital and grow their wealth over the long term. We look to do this through focusing on three lenses - Wealth Creation, Resilience and Change. We concentrate our analysis on:

- **Wealth Creation** – Companies which we believe can create superior value for shareholders over the long term.
- **Resilience** – Understanding the resilience of the business model through a cycle.
- **Change** – Identifying changes within a business that could drive future earnings and cashflow.

As a close-knit investment team, we believe a strong investment-led culture is vital to delivering alpha to our clients. We aim to be highly collaborative and work together as a group to drive results. We embrace diverse perspectives and believe they drive better results. We aim to be dynamic and work through a wide range of investment ideas to source the very best stocks in our universe. Innovation is vital to being ahead of our competition and we believe that accurate use of alternative data tools and Environmental, Social and Governance considerations are an important and integrated component of our investment process.

Research is central to the investment process and a key source of alpha for the portfolio. The team has a structured framework in place which includes:

- **Dedicated Research Co-Leads**, who are responsible for the day-to-day management of the research schedule and for ensuring the investment process functions efficiently.
- **'Pod' structure** to ensure senior members of the team can direct others to the most attractive parts of the market and provide 'peer reviews' of research before it is presented to the team.
- **Research pipeline** which prioritises research and ensures effective use of team resources.
- **Proprietary Research template** that provides a comprehensive and consistent framework for each stock containing price target and rating.

The team has a structured process as follows:

1. **Idea generation:** this primarily derives from meeting companies, their suppliers, competitors and customers. We also meet industry experts and use internal and external data and resources to ensure there is a continuous pipeline of new ideas. This pipeline is managed by our co-heads of research to ensure ideas are timely and relevant.

2. **In-depth company analysis:** this is conducted collaboratively by portfolio managers and analysts within a 'research pod'. It involves meeting company management teams, industry experts, and undertaking financial modelling and ESG integration using our proprietary research template.

3. **Team debate:** the analyst presents the investment case and recommendation to the whole team in our daily investment meeting where the idea is debated extensively. Each portfolio manager determines whether the recommendation is suitable for their portfolio and determines position sizing and point of purchase (or sale).

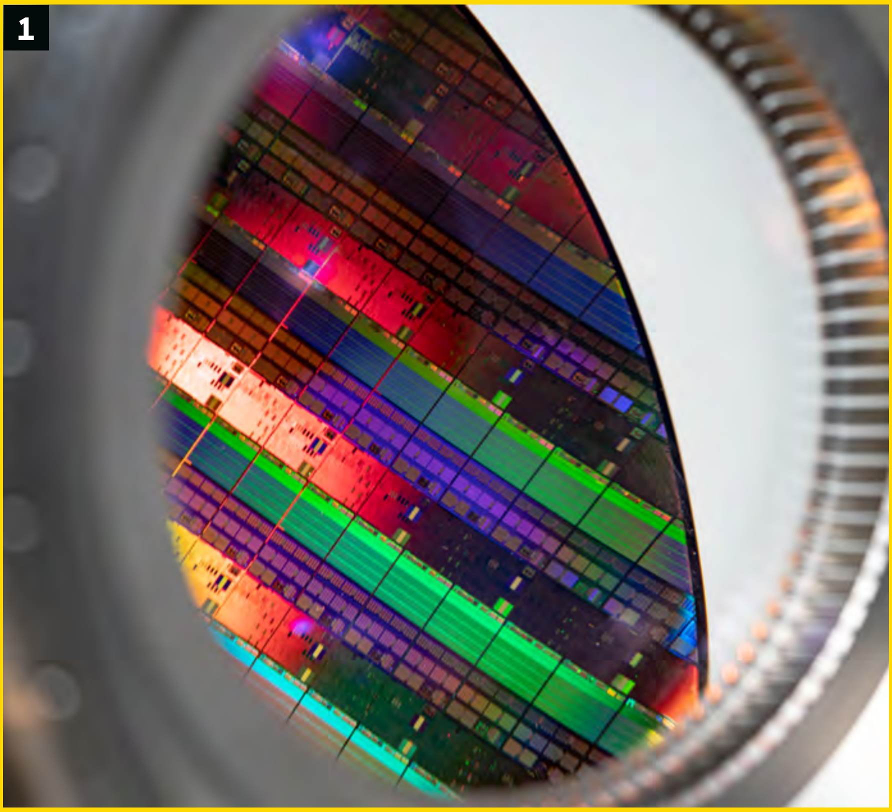
We believe the Company's greatest advantage is the robust resource that we have. The Company is supported by BlackRock's 20-person European Equity team – one of the largest research teams in the European equity market – as well as BlackRock's seven-person Emerging Europe team which is part of the wider Global Emerging Markets team at BlackRock.

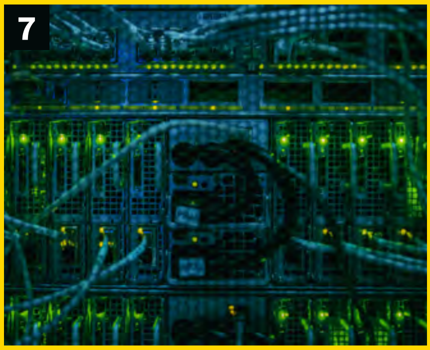
The teams are able to leverage the firm's global resources to produce proprietary research focusing on high conviction investment ideas. They benefit from exceptional access to networks at BlackRock, external expert networks and, importantly, corporate access, conducting 1,500 company meetings every year. The teams also have a dedicated data scientist who is tasked with sourcing and tailoring alternative data inputs into the fundamental research process.

Additionally, we believe BlackRock's global research resource across equities, credit, cash and alternatives, combined with a culture of information sharing, is a distinct advantage. The team benefits from frequent ad-hoc interaction with other BlackRock investment teams, particularly the Strategic, UK, US, Global and Natural Resources equity teams, as well as fixed income and other internal thought leaders. These inputs, combined with the experience and knowledge of the team sector analysts and senior portfolio managers, coupled with our strong external network of research and broker contacts, helps us to identify factor and thematic trends in the market which complement our in-depth company research.

* References to 'us' and 'we' are to the Portfolio Managers and/or the Investment Manager (as applicable).

Contents





Ten largest investments

1 ▲ ASML (2020: 2nd)

Technology company

Market value: £53,214,000
Share of investments: 7.8%

A Dutch company which specialises in the supply of photolithography systems for the semiconductor industry. The company is at the forefront of technological change, investing in leading research and development to capture the structural growth opportunity coming from growth in mobile devices and microchip components. High barriers to entry within the industry give ASML a protected position with strong pricing power allowing growth in margins whilst they continue to innovate. The company is run by an exceptional management team which aims to create long-term value whilst returning excess cash to shareholders.

2 ▲ Lonza Group (2020: 4th)

Health Care company

Market value: £39,463,000
Share of investments: 5.8%

A Swiss biotechnology and speciality chemicals company. Lonza has established itself as one of the leading contract manufacturers of high-end biological drugs, as well as cell and gene therapy. Lonza's competitive advantages stem from the complexity of the production process – where few peers can match its offering. This is cemented by high barriers to entry given that all production facilities are required to be certified by the FDA. Overall, we expect Lonza's biologics business to grow in the mid-teens every year for the next ten years with positive pricing, as there is generally a shortage of capacity in the market.

Ten largest investments

continued

3 ▼ Sika (2020: 1st)

Industrial company

Market value: £34,795,000
Share of investments: 5.1%

A speciality chemical company with a leading position in both construction chemicals and bonding agents for the automotive industry. Sika has proprietary technology within adhesives, which has an increasing array of applications as technology advances. The company benefits from structural drivers of urbanisation and has exposure to multiple points in the construction cycle including new infrastructure projects, as well as maintenance or refurbishment of existing buildings. It is also likely to benefit from the EU Recovery Fund and the EU Green Deal, channelling funds towards sustainable infrastructure projects. Sika's decentralised structure of subsidiaries and strong culture of new product innovation continues to drive pricing power.

4 ▲ Kering (2020: 5th)

Consumer Discretionary company

Market value: £33,051,000
Share of investments: 4.8%

A French luxury group owning brands such as Gucci, Yves Saint Laurent and Bottega Veneta. We believe Kering is one of the winners in a 'winner takes all' market given the strength and resilience of its brands. This position is cemented by its best in class e-commerce offering, which in combination with a rejuvenated product portfolio, has enabled Kering to capture the imagination of global millennials. We believe Kering remains an extremely well-positioned company with a strong balance sheet that offers optionality for both increased shareholder returns as well as value accretive deals. In the near term, we think the brand can benefit from new collection launches around its 100th anniversary later this year.

5 ▲ DSV Panalpina (2020: 8th)

Industrial company

Market value: £31,546,000
Share of investments: 4.6%

A Danish freight forwarding and logistics company run by an excellent management team with a strong track record in creating value through acquisitions and by instilling a best in class culture in its organisation. Their success in making acquisitions has been facilitated by a strong technology platform which drives operational efficiencies leading to high conversion margins. In 2019, DSV took over Swiss peer Panalpina in its largest ever acquisition which they have been integrating successfully. More recently, DSV announced the purchase of Kuwait-based Agility's logistics business in a US$4.1 billion deal, becoming the third largest freight forwarder globally.

6 ▶ Novo Nordisk (2020: 6th)

Health Care company

Market value: £30,702,000
Share of investments: 4.5%

A Danish multinational pharmaceutical company which is a leader in diabetes care. We expect Novo Nordisk to post strong growth in earnings and cashflows driven by demand for 'Ozempic' which treats type 2 diabetes, as well as by its weight management drug Wegovy, for which Novo Nordisk recently received FDA approval. Overall, we believe Novo Nordisk offers attractive long-term growth potential at high returns, and sector leading cash flow conversion with any excess in cash being returned to shareholders.

7 ▲ RELX (2020: 9th)

Consumer Discretionary company

Market value: £27,359,000
Share of investments: 4.0%

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

8 ▼ Royal Unibrew (2020: 7th)

Consumer Staples company

Market value: £24,605,000
Share of investments: 3.6%

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

9 ▲ Netcompany Group (2020: 13th)

Technology company

Market value: £22,199,000
Share of investments: 3.3%

A Danish IT Services provider with operations in Denmark, Norway, the Netherlands and the UK. Netcompany Group's services help clients with digital transformation, building IT platforms for both public sector and private clients. Its unique business model and large addressable market allows for attractive growth at sector leading margins. Given the capital light nature of the business, Netcompany Group generates high returns which should allow for significant value creation over time.

10 ▶ Hexagon (2020: 10th)

Technology company

Market value: £21,751,000
Share of investments: 3.2%

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

All percentages reflect the value of the holding as a percentage of total investments.
Together, the ten largest investments represent 46.7% of the Company's portfolio (31 August 2020: 50.5%).

Investments

as at 31 August 2021

	Country of operation	Market value £'000	% of investments
Technology			
ASML	Netherlands	53,214	7.8
Netcompany Group	Denmark	22,199	3.3
Hexagon	Sweden	21,751	3.2
BE Semiconductor	Netherlands	17,326	2.5
Logitech International	Switzerland	14,475	2.1
Amadeus IT Group	Spain	12,328	1.8
Dassault Systèmes	France	9,501	1.4
Allegro	Poland	8,273	1.2
ASM International	Netherlands	6,666	1.0
		165,733	**24.3**
Industrials			
Sika	Switzerland	34,795	5.1
DSV Panalpina	Denmark	31,546	4.6
Adyen	Netherlands	20,883	3.0
Safran	France	14,520	2.1
VAT Group	Switzerland	14,075	2.1
Atlas Copco	Sweden	12,868	1.9
Kingspan	Ireland	11,609	1.7
Marel	Netherlands	6,579	1.0
ALD	France	6,135	0.9
Epiroc	Sweden	5,673	0.8
		158,683	**23.2**
Health Care			
Lonza Group	Switzerland	39,463	5.8
Novo Nordisk	Denmark	30,702	4.5
Straumann	Switzerland	17,748	2.6
DiaSorin	Italy	12,209	1.8
Chemometec	Denmark	9,299	1.3
PolyPeptide Group	Switzerland	3,243	0.5
		112,664	**16.5**
Consumer Discretionary			
Kering	France	33,051	4.8
RELX	United Kingdom	27,359	4.0
Hermès	France	14,797	2.2
Ozon Holdings	Russia	10,730	1.6
Ferrari	Italy	8,768	1.3
Fix Price Group	Russia	6,104	0.9
Adidas	Germany	5,573	0.8
		106,382	**15.6**

Investments

continued

	Country of operation	Market value £'000	% of investments
Financials			
Partners Group	Switzerland	11,833	1.7
FinecoBank	Italy	11,028	1.6
Avanza Bank Holding	Sweden	10,116	1.5
Allfunds Group	United Kingdom	9,538	1.4
National Bank of Greece	Greece	6,762	1.0
Bank Pekao	Poland	6,389	0.9
		55,666	**8.1**
Consumer Staples			
Royal Unibrew	Denmark	24,605	3.6
Lindt	Switzerland	6,962	1.0
		31,567	**4.6**
Basic Materials			
IMCD	Netherlands	19,455	2.9
ICL Group	Israel	7,694	1.1
		27,149	**4.0**
Energy			
Neste	Finland	14,462	2.1
Lukoil	Russia	10,468	1.6
		24,930	**3.7**
Total investments		**682,774**	**100.0**

All investments are in ordinary shares unless otherwise stated. The total number of investments held at 31 August 2021 was 44 (31 August 2020: 38).

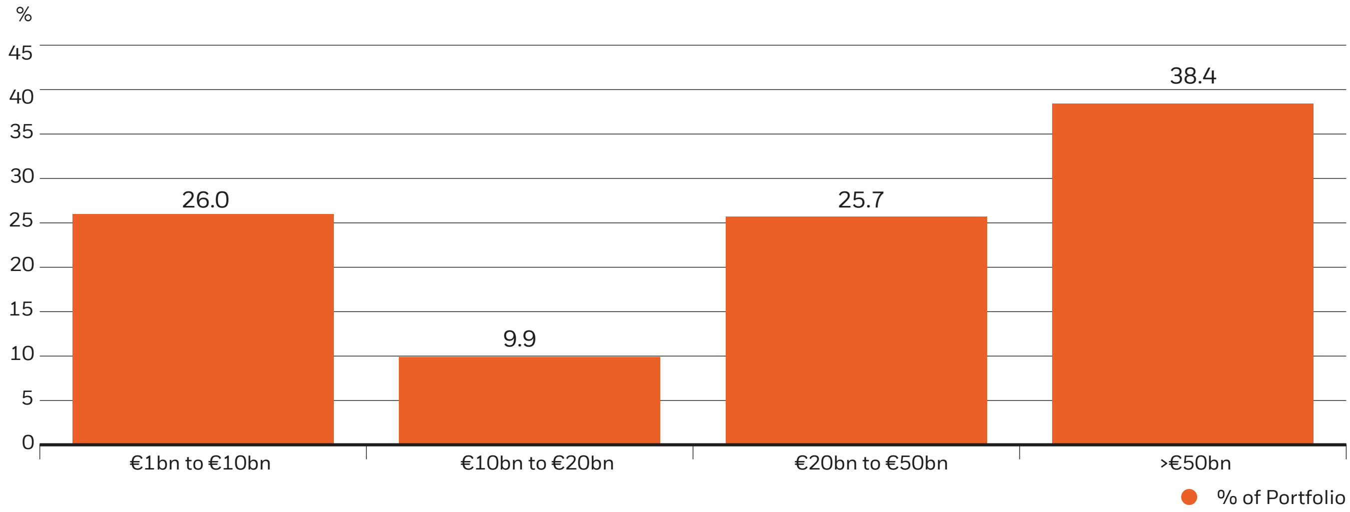
Industry classifications in the table above are based on the Industrial Classification Benchmark standard for categorisation of companies by industry and sector.

As at 31 August 2021, the Company did not hold any equity interests comprising more than 3% of any company's share capital.

Investment exposure

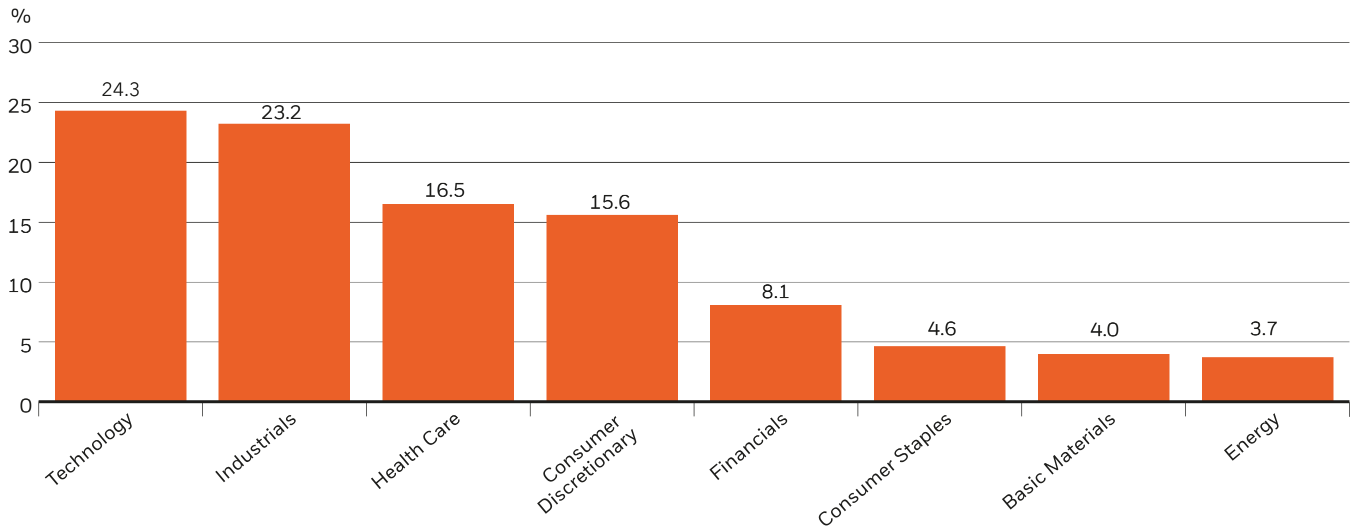
as at 31 August 2021

Market capitalisation



Investment size

Distribution of investments



Source: BlackRock.


KL260
DSV
DSV
COMMANDER 60

Governance

Logistics and transport group DSV made a strong contribution to performance. Its acquisition of Kuwait-based Agility's logistics business in March means DSV is now the third largest freight forwarder in the world.

PHOTO COURTESY OF DSV

Governance structure

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

The Board

5 full scheduled meetings each year

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

Chairman: Eric Sanderson

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

Audit and management engagement committee

2 scheduled meetings each year

Membership: All NEDs

Chairman: Peter Baxter

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

Nomination committee

1 scheduled meeting each year

Membership: All NEDs

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

Directors' biographies

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

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

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

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

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

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

Directors' biographies
continued

Davina Curling
Appointed December 2011

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

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

Paola Subacchi
Appointed July 2017

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

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

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

Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 August 2021. The aim of the Strategic Report is to provide shareholders with the information to assess how the Directors have performed their duty to promote the success of the Company for the collective benefit of shareholders.

The Chairman's Statement together with the Investment Manager's Report form part of this Strategic Report. The Strategic Report was approved by the Board at its meeting on 4 November 2021.

Principal activity

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

Objective

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

Strategy, business model and investment policy

Strategy

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

Business model

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

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

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

Investment policy

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

As at 31 August 2021, the Company held 44 investments and 8.3% of the portfolio was invested in developing Europe. The Company had no unquoted investments.

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

The Company also has the flexibility to invest up to 20% of the portfolio in debt securities, such as convertible bonds and corporate bonds. No bonds were held at 31 August 2021. The use of any derivative instruments such as financial futures, options and warrants and the entering into of stock lending arrangements will only be for the purposes of efficient portfolio management.

While the Company may hold shares in other investment companies (including investment trusts), the Board has agreed that the Company will not invest more than 15%, in aggregate, of its gross assets in other listed closed-ended investment funds (save to the extent that such closed-ended investment funds have published investment policies to

Strategic report

continued

invest no more than 15% of their total assets in such other listed closed-ended investment funds).

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

The Investment Manager believes that appropriate use of gearing can add value over time. This gearing typically is in the form of an overdraft facility which can be repaid at any time. The level and benefit of any gearing is discussed and agreed regularly by the Board. The Investment Manager generally aims to be fully invested and it is anticipated that gearing will not exceed 15% of net asset value (NAV) at the time of drawdown of the relevant borrowings. At the balance sheet date, the Company had net gearing of 4.8% (2020: 5.7%).

Performance

In the year to 31 August 2021, the Company's NAV per share returned 49.4% (compared with a return in the FTSE World Europe ex UK Index of 27.4%) and the share price returned 56.8% (all percentages calculated in sterling terms with dividends reinvested). The Investment Manager's Report includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

Results and dividends

The results for the Company are set out in the Income Statement in the Financial Statements. The total profit for the year, after taxation, was £196,575,000 (2020: £55,862,000) which is reflected in the increase in the net asset value of the Company. The revenue return amounted to £3,595,000 (2020: £5,776,000) and relates to net revenue earnings from dividends received during the year after adjusting for expenses, as well as the positive outcome on a tax ruling relating to overseas dividends.

As explained in the Company's Half Yearly Financial Report, the Directors declared an interim dividend of 1.75p per share (2020: 1.75p). The Directors recommend the payment of a final dividend of 4.55p per share, making a total dividend of 6.30p per share (2020: 6.15p). Subject to approval at the forthcoming Annual General Meeting, the dividend will be paid on 17 December 2021 to shareholders on the register of members at the close of business on 19 November 2021.

Future prospects

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

Social, community and human rights issues

As an investment trust with no employees, the Company has no direct social or community responsibilities or impact on the environment. However, the Directors believe that it is important and in shareholders' interests to consider human rights issues and environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on pages 56 and 57.

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. The Investment Manager considers modern slavery as part of supply chains and labour management within the investment process. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Directors, gender representation and employees

The Directors of the Company on 31 August 2021, all of whom held office throughout the year, are set out in the Directors' Biographies on pages 27 and 28. The Board consists of two male Directors and two female Directors. The Company's policy on diversity is set out on page 54. The Company does not have any executive employees.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) used to measure the progress and performance of the Company over time and which are comparable to other investment trusts are set out on page 31. As indicated in the footnote to the table, some of these KPIs fall within the definition of 'Alternative Performance Measures' under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary on pages 104 to 106.

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

	As at 31 August 2021	As at 31 August 2020
Net asset value per share	678.49p	459.97p
Net asset value total return[1, 2]	+49.4%	+16.9%
Share price	692.00p	447.00p
Share price total return[1, 2]	+56.8%	+18.0%
Premium/(discount) to net asset value[2]	2.0%	(2.8)%
Revenue return per share	4.13p	6.85p
Ongoing charges[2, 3]	1.02%	1.01%

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

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

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

Principal risks

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

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

The Board has undertaken a robust assessment of both the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The COVID-19 pandemic has given rise to unprecedented challenges for businesses across the globe and the Board has taken into consideration the risks posed to the Company by the crisis and incorporated these into the Company's risk register. The threat of climate change has also reinforced the importance of more sustainable practices and environmental responsibility.

Emerging risks are considered by the Board as they come into view and are incorporated into the existing review of the Company's risk register. They were also considered as part of the evaluation process. Additionally, the Manager considers emerging risks in numerous forums and the Risk and Quantitative Analysis team produces an annual risk survey. Any material risks of relevance to the Company identified through the annual risk survey will be communicated to the Board.

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

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

Strategic report
continued

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

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

Strategic report

continued

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

Viability statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve months referred to by the 'Going Concern' guidelines. The Company is an investment trust with the objective of achieving capital growth. The Directors expect the Company to continue for the foreseeable future and have conducted this review for the period up to the Annual General Meeting in 2026. The Directors believe that five years is an appropriate investment horizon to assess the viability of the Company. This is based on the Company's long-term mandate, the low turnover in the portfolio and the investment holding period investors generally consider while investing in the European sector.

In making an assessment on the viability of the Company, the Board has considered the following:

- the impact of a significant fall in European equity markets on the value of the Company's investment portfolio;
- the ongoing relevance of the Company's investment objective, business model and investment policy in the prevailing market;
- the principal and emerging risks and uncertainties, as set out above, and their potential impact;
- the level of ongoing demand for the Company's shares;
- the Company's share price discount/premium to NAV;
- the liquidity of the Company's portfolio; and
- the level of income generated by the Company and future income and expenditure forecasts.

The Company's performance has been strong for the five-year reporting period to 31 August 2021 with an undiluted NAV total return of 155.1% and a share price total return of 175.8%, versus a reference index total return of 71.8%. The Directors have concluded that there is a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due over the period of their assessment based on the following considerations:

- the Investment Manager's compliance with the investment objective and policy, its investment strategy and asset allocation;
- the portfolio mainly comprises readily realisable assets which can be sold to meet funding requirements if necessary. As at 2 November 2021, 98.2% of the portfolio was estimated as being capable of being liquidated within three days;
- the operational resilience of the Company and its key service providers and their ability to continue to provide a good level of service for the foreseeable future;
- the effectiveness of business continuity plans in place for the Company and its key service providers;
- the ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets;
- the Board's discount management policy; and
- the Company is a closed-end investment company and therefore does not suffer from the liquidity issues arising from unexpected redemptions.

In addition, the Board's assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement which can be found on page 43 in the Directors' Report.

Section 172 statement: promoting the success of the Company

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

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

Stakeholders

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

Strategic report
continued

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

Area of Engagement	Issue	Engagement	Impact
Investment mandate and objective	The Board has responsibility to shareholders to ensure that the Company's portfolio of assets is invested in line with the stated investment objective and in a way that ensures an appropriate balance between spread of risk and portfolio returns.	The Board worked closely with the Investment Manager throughout the year in further developing investment strategy and underlying policies, not simply for the purpose of achieving the Company's investment objective but in the interests of shareholders and future investors.	The portfolio activities undertaken by the Investment Manager can be found in their Report on pages 9 to 13. The Investment Manager aims to construct a portfolio that is high conviction and concentrated in nature but diversified by end market exposures. Outperformance of the reference index in the year has reflected this. Details regarding the Company's NAV and share price performance can be found in the Chairman's Statement and in this Strategic Report on page 31.
Shareholders	Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy.	The Board is committed to maintaining open channels of communication and to engage with shareholders. The Company welcomes and encourages attendance and participation from shareholders at its Annual General Meetings. Shareholders will have the opportunity to meet the Directors and Investment Manager and to address questions to them directly. The Investment Manager will also provide a presentation on the Company's performance and the outlook. The Annual Report and Half Yearly Financial Report are available on the BlackRock website and are also circulated to shareholders either in printed copy or via electronic communications. In addition, regular updates on performance, monthly factsheets, the daily NAV and other information are also published on the Manager's website at www.blackrock.com/uk/brge. Unlike trading companies, one-to-one shareholder meetings normally take the form of a meeting with the Investment Manager as opposed to members of the Board. The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programmes of institutional presentations by the Investment Manager. If shareholders wish to raise issues or concerns with the Board, they are welcome to do so at any time. The Chairman is available to meet directly with shareholders periodically to understand their views on governance and the Company's performance where they wish to do so. He may be contacted via the Company Secretary whose details are given on page 101.	The Board values any feedback and questions from shareholders ahead of and during Annual General Meetings in order to gain an understanding of their views and will take action when and as appropriate. Feedback and questions will also help the Company evolve its reporting, aiming to make reports more transparent and understandable. Feedback from all substantive meetings between the Investment Manager and shareholders will be shared with the Board. The Directors will also receive updates from the Company's Broker on any feedback from shareholders, as well as share trading activity, share price performance and an update from the Investment Manager. The portfolio management team attended a number of professional investor meetings and held discussions with a number of wealth management desks and offices in respect of the Company during the year under review. Portfolio holdings are ultimately shareholders' assets and the Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy. The Board monitors the Manager's stewardship arrangements and receives regular feedback from the Investment Manager in respect of meetings with the management of portfolio companies.

Area of Engagement	Issue	Engagement	Impact
Responsible investing	More than ever, the importance of good governance and consideration of sustainable investment are key factors in making investment decisions. Climate change is becoming a defining factor in companies' long-term prospects across the investment spectrum, with significant and lasting implications for economic growth and prosperity.	The Board believes that responsible investment is integral to the longer-term delivery of the Company's success. The Board works closely with the Investment Manager to regularly review the Company's performance, investment strategy and underlying policies to ensure that the Company's investment objective continues to be met in an effective and responsible way in the interests of shareholders and future investors. The Investment Manager's approach to the consideration of ESG factors in respect of the Company's portfolio, as well as the Investment Manager's engagement with investee companies to encourage the adoption of sustainable business practices which support long-term value creation, are kept under review by the Board. The Board also expects to be informed by the Manager of any sensitive voting issues involving the Company's investments. The Investment Manager reports to the Board in respect of its ESG policies and how these are integrated into the investment process; a summary of BlackRock's approach to ESG and sustainability is set out on pages 39 and 40. The Investment Manager's engagement and voting policy is detailed on pages 42 and 43 and on the BlackRock website.	The Investment Manager believes there is likely to be a positive correlation between strong ESG practices and investment performance over time.

Strategic report

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Area of Engagement	Issue	Engagement	Impact
Discount management	The Board recognises that it is in the long-term interests of shareholders that shares do not trade at a significant discount or premium to their prevailing NAV. The Board believes this may be achieved by the use of regular tender offers, the active use of share buy back powers and the issue of shares.	The Board monitors the Company's share rating on an ongoing basis and receives regular updates from the Manager and the Company's Broker regarding the level of discount or premium. The Board believes that the best way of maintaining the share rating at an optimal level over the long term is to create demand for the shares in the secondary market. To this end, the Investment Manager is devoting considerable effort to broadening the awareness of the Company, particularly to wealth managers and to the wider retail market. In addition, the Board has worked closely with the Manager to develop the Company's marketing strategy, with the aim of ensuring effective communication with existing shareholders and to attract new shareholders to the Company in order to improve liquidity in the Company's shares and to sustain the share rating of the Company.	The Board will continue to monitor the Company's premium/discount to NAV and will look to issue, buy back shares and/or operate six monthly tender offers if it is deemed to be in the interests of shareholders as a whole. The Board decided not to implement a semi-annual tender offer in November 2021 as, over the six months to 31 August 2021, the average premium to net asset value (cum income) (NAV) was 1.9%. It also decided not to implement the May 2021 semi-annual tender offer, as over the six months to 28 February 2021, the average discount to net asset value (cum income) (NAV) was 1.7%. During the financial year the Company did not buy back any shares. The Company's average premium for the year to 31 August 2021 was 0.1% and the premium at 2 November 2021 stood at 2.0%.
Service levels of third-party providers	The Board acknowledges the importance of ensuring that the Company's principal suppliers are providing a suitable level of service, including the Manager in respect of investment performance and delivering on the Company's investment mandate; the Custodian and Depositary in respect of their duties towards safeguarding the Company's assets; the Registrar in its maintenance of the Company's share register and dealing with investor queries; and the Company's Broker in respect of the provision of advice and acting as a market maker for the Company's shares.	The Manager reports to the Board on the Company's performance on a regular basis. The Board carries out a robust annual evaluation of the Manager's performance, their commitment and available resources. The Board performs an annual review of the service levels of all third-party service providers and concludes on their suitability to continue in their role. The Board receives regular updates from the AIFM, Depositary, Registrar and Broker on an ongoing basis. In light of the challenges presented by the COVID-19 pandemic to the operation of businesses across the globe, the Board has worked closely with the Manager to gain comfort that relevant business continuity plans are operating effectively for all of the Company's key service providers.	All performance evaluations were performed on a timely basis and the Board concluded that all key third-party service providers, including the Manager were operating effectively and providing a good level of service. The Board has received updates in respect of business continuity planning from the Company's Manager, Custodian, Depositary, Fund Accountant, Registrar, Printer and Broker and is confident that arrangements are in place to ensure a good level of service will continue to be provided despite the impact of the COVID-19 pandemic.

Area of Engagement	Issue	Engagement	Impact
Board composition	The Board is committed to ensuring that its own composition brings an appropriate balance of knowledge, experience and skills, and that it is compliant with best corporate governance practice under the UK Code, including guidance on tenure and the composition of the Board's committees.	All Directors are subject to a formal evaluation process on an annual basis (more details and the conclusions of the 2021 evaluation process are given on page 55). All Directors stand for re-election by shareholders annually. Shareholders may attend the Annual General Meeting and raise any queries in respect of Board composition or individual Directors in person or may contact the Company Secretary or the Chairman using the details provided on page 101 with any issues. The Board is currently undertaking a review of succession planning arrangements having identified the need for a new Director. The services of an external search consultant, Trust Associates, is being used to identify potential candidates.	As at the date of this report, the Board was comprised of two men and two women. One Director, Ms Curling, has a tenure in excess of nine years. Details of each Directors' contribution to the success and promotion of the Company are set out in the Directors' Report on pages 45 and 46 and details of Directors' biographies can be found on pages 27 and 28. The Directors are not aware of any issues that have been raised directly by shareholders in respect of Board composition in the year under review. Details for the proxy voting results in favour and against individual Directors' re-election at the 2020 Annual General Meeting are given on the Manager's website at www.blackrock.com/uk/brge.

Sustainability and ESG approach

The Board's approach to ESG

The Board believes that responsible investment is integral to the longer-term delivery of the Company's success. The Board works closely with the Investment Manager to regularly review the Company's performance, investment strategy and underlying policies to ensure that the Company's investment objective continues to be met in an effective and responsible way in the interests of shareholders and future investors.

Sustainable investing: BlackRock's approach

Sustainability is BlackRock's standard for investing. It is our conviction that sustainability risk – including climate risk – is investment risk and that investors can build more resilient portfolios that achieve better long term, risk-adjusted, returns by integrating sustainability into their standard for investing. Climate change specifically is viewed as a factor with significant lasting impact on economic growth and prosperity. BlackRock believes that every company's business model will be profoundly affected by climate change and that how a company manages the associated risks in its business model will be a defining factor in a company's long-term value proposition. More information about the actions taken by BlackRock in 2020 on making sustainability the new standard for investing can be found at www.blackrock.com/corporate/literature/publication/our-2020-sustainability-actions.pdf

Environmental, Social and Governance: integration into BlackRock's investment management process

Environmental, Social and Governance (ESG) investing is often used interchangeably with the term "sustainable investing." BlackRock has identified sustainable investing as being the overall framework and ESG as a data toolkit for identifying and informing its solutions. BlackRock has defined ESG Integration as the practice of incorporating material ESG information and consideration of sustainability risks into investment decisions in order to enhance risk-adjusted returns. BlackRock recognises the relevance of material ESG information across all asset classes and styles of portfolio management. ESG information and sustainability risks are included as a consideration in investment research, portfolio construction, portfolio review and investment stewardship processes. The Investment Manager considers ESG insights and data, including sustainability risks, within the total set of information in its research process and makes a determination as to the materiality of such information in its investment process. ESG insights are not the sole consideration when making investment decisions. The Investment Manager's evaluation of ESG data may be subjective and could change over time in light of emerging sustainability risks or changing market conditions. This approach is consistent with the Investment Manager's regulatory duty to manage the Company in accordance with its investment objective and policy and in the best interests of the Company's investors. The Investment Manager's Risk and Quantitative Analysis group will review portfolios to ensure that sustainability risks are considered regularly alongside traditional financial risks, that investment

Strategic report
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decisions are taken in light of relevant sustainability risks and that decisions exposing portfolios to sustainability risks are deliberate, and the risks diversified and scaled according to the investment objectives of the Company.

BlackRock's approach to ESG integration is to broaden the total amount of information the Investment Manager considers with the aim of improving investment analysis and understanding the likely impact of sustainability risks on the Company's investments. The Investment Manager assesses a variety of economic and financial indicators, which may include ESG data and insights, to make investment decisions appropriate for the Company's objective. This can include relevant third-party insights or data, internal research or engagement commentary and input from BlackRock Investment Stewardship.

ESG integration does not change the Company's investment objective or constrain the Investment Manager's investable universe and does not mean that an ESG investment strategy or exclusionary screens has been or will be adopted by the Company. Similarly, ESG integration does not determine the extent to which the Company may be impacted by sustainability risks.

Investment stewardship

BlackRock Investment Stewardship's (BIS) activities are integral to BlackRock's fiduciary responsibility to clients as it is how we use our voice as an investor on behalf of clients to promote sound corporate governance and sustainable business models that support long-term value creation. BIS is positioned as an investment function and undertakes all its activities – primarily engaging with companies and proxy voting – with the goal of advancing clients' long-term economic interests. BIS' engagement with companies aims to encourage the enhancement of their risk management processes to better identify and manage material environmental, social, and governance (ESG) risks and opportunities that may impact their operational resilience. For further details on BIS please refer to the website https://www.blackrock.com/corporate/about-us/investment-stewardship.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
4 November 2021

Directors' report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 August 2021.

Status of the Company

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

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

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

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

Facilitating retail investments

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

The Common Reporting Standard

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

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

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

GDPR

Data protection rights were harmonised across the European Union following the implementation of the General Data Protection Regulation (GDPR) on 25 May 2018. The Board has sought and received assurances from its third-party service providers that they have taken appropriate steps to ensure compliance with the regulation.

Shareholder Rights Directive II

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

Dividends

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

Investment management and administration

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

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

Directors' report

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

The Company contributes to a focused investment trust sales and marketing initiative operated by BlackRock on behalf of the investment trusts under its management. The Company's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represents a budget of up to 0.025% per annum of its net assets (£446 million as at 31 December 2020) and this contribution is matched by BIM (UK). In addition, a budget of a further £20,000 has been allocated for Company specific sales and marketing activity. Total fees paid or payable for these services for the year ended 31 August 2021 amounted to £118,000 (excluding VAT) (2020: £111,000). The purpose of the programme overall is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefit of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

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

Appointment of the Manager

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

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

Depositary and Custodian

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

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

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

Registrar

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

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

Change of control

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

Exercise of voting rights in investee companies

The exercise of voting rights attached to the Company's portfolio has been delegated to the Investment Manager, whose voting policy is set out below. BlackRock's approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BlackRock believes that sound corporate governance and sustainable business models contribute to companies' long-term financial performance and thus to better risk-adjusted returns. BlackRock's proxy voting process is led by the BIS team, located in ten offices around the world. Collectively within BIS, 18 languages are spoken and 31 academic disciplines are represented. The team's globally-coordinated, local presence and breadth of experience enables more frequent and better-informed dialogue with companies. The BIS team draws upon its own expertise, as well as other internal and external resources globally, to represent the long-term economic interests of clients. Close collaboration takes place between BIS and active portfolio managers. Active portfolio managers with positions in a company can vote their shares independently of BIS based on their views of what is best for their specific fund and client base.

BIS' Global Principles and market-specific proxy voting guidelines, updated every year, form the foundation of the team's engagement with companies and voting decisions at shareholder meetings on behalf of clients. The voting guidelines are principles-based and not prescriptive because BlackRock believes that each voting situation needs to be assessed on its merits. Voting decisions are taken to support the outcome that BlackRock believes is in the best economic interests of clients.

During the year under review, the Investment Manager voted on 666 proposals at 38 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 91 (13.7%) resolutions and abstained from voting on 9 (1.4%) resolutions. Most of the votes against were in respect of resolutions relating to directors' remuneration, or to elect or remove directors and to approve the issuance of equity, which were deemed by the Investment Manager as not being in the best interests of shareholders.

Principal risks

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

Going concern

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements and is financially sound. The Board is still mindful of the continuing uncertainty surrounding the potential duration of the COVID-19 pandemic and its longer-term effects on the global economy and recovery of economies. The Board believes that the Company and its key third-party service providers have in place appropriate business continuity plans and these services have continued to be supplied without interruption throughout the COVID-19 pandemic.

The Company has a portfolio of investments which are predominantly readily realisable and is able to meet all of its liabilities from its assets and income generated from these assets. Accounting revenue and expense forecasts are maintained and reported to the Board regularly and it is expected that the Company will be able to meet all its obligations. Borrowings under the overdraft facility shall at no time exceed 15% of the Company's net asset value and this covenant was complied with during the period. Based on the above, the Board is satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. Ongoing charges for the year ended 31 August 2021 were approximately 1.02% of net assets.

A statement on the longer-term viability of the Company is considered in the viability statement on page 34.

Directors

The Directors of the Company as at 31 August 2021 and their biographies are set out on pages 27 and 28. Details of their interests in the ordinary shares of the Company are set out in the Directors' Remuneration Report on page 50. All of the Directors held office throughout the year under review and up to the date of signing the financial statements.

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

Having considered the Directors' performance within the annual Board performance evaluation process, further details of which are provided on page 55, the Board believes that it continues to be effective and the Directors bring extensive knowledge and commercial experience and demonstrate a range of valuable business, financial and asset management skills. The Board therefore recommends that shareholders vote in favour of each Director's proposed re-election.

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

Directors' indemnity

The Company has maintained appropriate Directors' and Officers' liability insurance cover throughout the year. In addition to Directors' and Officers' liability insurance cover, the Company's Articles of Association provide, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them by third parties arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour. The Company has entered into Deeds of Indemnity with Directors individually

Directors' report

continued

which are available for inspection at the Company's registered office and will also be available at the Annual General Meeting. The indemnity has been in force during the financial year and up to the date of approval of the financial statements.

Conflicts of interest

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

Directors' remuneration report and policy

The Directors' Remuneration Report is set out on pages 48 to 50. An advisory ordinary resolution to approve this report will be put to shareholders at the Company's forthcoming Annual General Meeting. The Company is also required to put the Directors' remuneration policy to a binding shareholder vote every three years. The remuneration policy was last put to shareholders at the Annual General Meeting in 2020, therefore an ordinary resolution to approve the policy will be put to shareholders at the Annual General Meeting in 2023.

Substantial share interests

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

Share capital

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

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights or the transfer of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company. At 31 August 2021, the Company's issued share capital was 96,055,411 ordinary shares, including two unsettled trades totalling 415,000 shares and excluding 17,573,527 shares held in treasury.

Tender offers

On 24 March 2021 the Board announced that it would not be implementing the May semi-annual tender offer. Over the six months to 28 February 2021, the average discount to NAV (cum income) was 1.7%. It was also announced on 30 September 2021 that the Board had decided not to implement a semi-annual tender offer in November 2021. Over the six-month period to 31 August 2021, the average premium to NAV (cum income) was 1.9%. The Board therefore concluded that it was not in the interests of shareholders as a whole to implement the semi-annual tender offers.

The current tender offer authority will expire on 31 January 2022 and the Directors are proposing that their authority to make further regular tender offers be renewed at the forthcoming Annual General Meeting.

Share repurchases

The Company has authority to purchase ordinary shares in the market to be held in treasury or for cancellation. During the year the Company did not buy back any ordinary shares and, since the year end and up to the date of this report, no ordinary shares have been repurchased.

The latest buy back authority was granted to Directors on 1 December 2020 and expires at the conclusion of the Annual General Meeting on 9 December 2021. The Directors are proposing that their authority to buy back shares be renewed at the forthcoming Annual General Meeting.

Share issues

The Company issued from treasury a total of 8,432,310 shares during the year at an average price of 595.33p per share and for a net consideration of £50,200,000. In addition, the Company issued and allotted a total of 3,300,000 new ordinary shares during the year at an average price of 674.61p per share and for a net consideration of £22,262,000. Since the year end up to 2 November 2021, a further 2,400,000 ordinary shares have been allotted at an average price of 689.12p per share and for a net consideration of £16,542,000.

The Directors are proposing that their authority to issue new ordinary shares or sell shares from treasury be renewed at the forthcoming Annual General Meeting.

Treasury shares

At the 2020 Annual General Meeting the Company was authorised to repurchase ordinary shares into treasury for reissue or cancellation at a future date. No ordinary shares have been repurchased in the market during the year and up to the date of this report. A resolution to renew this authority will again be put to shareholders at the forthcoming Annual General Meeting.

Treasury shares will only be reissued at a premium to NAV. All shares reissued from treasury during the current financial year have been at a premium of 2% and above.

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

Streamlined energy and carbon reporting (SECR) statement: greenhouse gas (GHG) emissions and energy consumption disclosure

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations, nor does it have any responsibility for any other emissions producing sources under the Companies Act (Strategic Report and Directors' Reports) Regulations 2013. For the same reason, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

Articles of Association

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

Annual General Meeting

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

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

The business of this year's Annual General Meeting consists of 14 resolutions. Resolutions 1 to 10 are proposed as ordinary resolutions and resolutions 11 to 14 are being proposed as special resolutions.

Resolution 1 – Approval of the annual report and financial statements

This resolution seeks shareholder approval of the Annual Report and Financial Statements for the year ended 31 August 2021 and the auditor's report thereon.

Resolution 2 – Approval of the Directors' remuneration report

This resolution is an advisory vote on the Directors' Remuneration Report, excluding any content relating to the remuneration policy as set out in the Directors' Remuneration Policy on pages 51 and 52.

Resolution 3 – Approval of a final dividend

Resolution 3 seeks shareholder approval of a final dividend of 4.55 pence per share for the year ended 31 August 2021.

Resolutions 4 to 7 – Re-election of Directors

Resolutions 4 to 7 relate to the re-election of the Directors. The Board has undertaken a formal performance evaluation during the year and confirms that the performance of the Directors standing for re-election continues to be effective and that each Director demonstrates commitment to their role. The biographies of the Directors are set out on pages 27 and 28. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are set out below. All the Directors held office throughout the year under review and will stand for re-election by shareholders at the meeting in accordance with the requirements of the UK Code.

Resolution 4 relates to the re-election of Mr Peter Baxter who was appointed in April 2015 and also chairs the Company's Audit and Management Engagement Committee. Mr Baxter brings over thirty years of investment experience to the Board, having served as chief executive of Old Mutual Asset Managers (UK) Ltd, as well as in a variety of investment roles. Having served on the Financial Reporting Council's Conduct Committee, he brings detailed knowledge in promoting high quality corporate reporting and also serves as a non-executive director on another investment trust board.

Resolution 5 relates to the re-election of Ms Davina Curling who was appointed in December 2011. Ms Curling has over twenty-five years' experience of investment management, with over twenty years as a fund manager, primarily managing European equities, for both retail and institutional investors, and specialising in the former. She has worked at some of the biggest names in the industry and brings in-depth knowledge of the European sector. She also serves as a non-executive director on two other investment trust boards and sits on the Investment Committee of St. James's Place Wealth Management.

Directors' report
continued

Resolution 6 relates to the re-election of Mr Eric Sanderson who was appointed in April 2013. Mr Sanderson, who acts as Chairman, brings leadership skills and much in-depth knowledge, expertise and experience to the Board having held a number of non-executive board positions. He is a qualified chartered accountant and brings this skill set to his role as a member of the Company's Audit and Management Engagement Committee. He has detailed knowledge of the investment trust industry and serves as chairman on another investment trust board.

Resolution 7 relates to the re-election of Dr Paola Subacchi who was appointed in July 2017. She is an economist and Professor of International Economics and Chair of the Advisory Board, Global Policy Institute, Queen Mary University of London. She is also Adjunct Professor at the University of Bologna, where she teaches a course on the economics of Europe, and a non-executive director of Scottish Mortgage Investment Trust Plc. Previously, she was director of International Economics Research at the Royal Institute of International Affairs (Chatham House). She brings deep knowledge of Europe, including its governance and institutions.

Resolutions 8 and 9 – Re-appointment of the external auditor and the auditor's remuneration

These resolutions relate to the re-appointment and remuneration of the Company's auditor. The Company, through its Audit and Management Engagement Committee, has considered the independence and objectivity of the external auditor and is satisfied that the auditor remains independent. Further information in relation to the assessment of the auditor's independence can be found on page 62.

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

Resolution 10 – Authority to allot shares

The Directors may only allot shares for cash if authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to allot shares for cash up to an aggregate nominal amount of £9,845 which is equivalent to 9,845,541 ordinary shares of 0.1p each and represents 10% of the current issued ordinary share capital excluding treasury shares. The Directors will use this authority when it is in the best interests of the Company to issue shares for cash. This authority will expire at the conclusion of next year's Annual General Meeting, unless renewed prior to that date at an earlier general meeting.

Resolution 11 – 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 11 empowers the Directors to (i) allot new shares for cash and; (ii) to sell shares held by the Company in treasury, in each case otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £9,845 which is equivalent to 9,845,541 ordinary shares of 0.1p each and represents 10% of the Company's issued ordinary share capital excluding treasury shares at the date of this notice. For the avoidance of doubt, the powers in limbs (a) and (b) of Resolution 11 are cumulative. Unless renewed at a general meeting prior to such time, these authorities will expire at the conclusion of the Annual General Meeting of the Company to be held in 2022.

Resolution 12 – Authority to buy back ordinary shares

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

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

The Directors are seeking authority to purchase up to 14,758,466 ordinary shares (being 14.99% of the ordinary shares in issue at the date of this report) or, if less, 14.99% of the ordinary shares as at 9 December 2021. This authority, unless renewed at an earlier general meeting, will expire at the conclusion of next year's Annual General Meeting in 2022.

Resolutions 13 and 14 – Regular tender offers

Resolutions 13 and 14 seek shareholder approval to renew the authorities to operate the semi-annual tender offers in accordance with the terms and conditions of the Company's regular tender offers. The Directors are seeking authority to purchase up to a maximum of 20% of the ordinary shares in issue at each relevant tender offer date. The authorities, if renewed, will expire on 31 July 2022 and 31 January 2023.

Recommendation

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

Corporate governance

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

Audit information

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

Independent auditor

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

The Directors' Report was approved by the Board at its meeting on 4 November 2021.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
4 November 2021

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 31 August 2021 which has been prepared in accordance with Sections 420-422 of the Companies Act 2006.

The Remuneration Report comprises a remuneration policy report and a remuneration policy implementation report. The remuneration policy report is subject to a triennial binding shareholder vote and will be put to shareholders for approval at the Annual General Meeting in 2023. The remuneration policy implementation report is subject to an annual advisory vote.

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

Statement by the Chairman

A key element of the remuneration policy is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience to promote the long-term success of the Company, whilst also reflecting the time commitment and responsibilities of the role. The basis of determining the level of any increase in Directors' remuneration and the Board's policy on remuneration is set out in the Directors' Remuneration Policy on pages 51 and 52.

The Board's remuneration is considered annually and was last reviewed in July 2021. Following this review, it was agreed that effective from 1 September 2021, the fees of the Chairman would increase from £41,000 to £42,500, the Chairman of the Audit and Management Engagement Committee from £32,500 to £33,500 and for the other Directors from £28,000 to £29,000. Prior to this, Directors' fees were last increased on 1 September 2019.

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

Remuneration Committee

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

Remuneration implementation report

A single figure for the total remuneration of each Director is set out in the table below for the years ended 31 August 2021 and 31 August 2020.

Directors	Year ended 31 August 2021 Fees	Taxable benefits*	Total	Year ended 31 August 2020 Fees	Taxable benefits*	Total
	£	£	£	£	£	£
Eric Sanderson (Chairman)	41,000	–	41,000	41,000	1,196	42,196
Peter Baxter (Chairman of the Audit and Management Engagement Committee)	32,500	–	32,500	32,500	–	32,500
Davina Curling	28,000	–	28,000	28,000	451	28,451
Paola Subacchi	28,000	–	28,000	28,000	–	28,000
Total	**129,500**	**–**	**129,500**	**129,500**	**1,647**	**131,147**

* Taxable benefits relate to travel and subsistence costs.

The information in the above table has been audited.

The amounts paid by the Company to the Directors were for services as non-executive Directors. As at 31 August 2021, fees of £11,000 (2020: £11,000) were outstanding to Directors in respect of their annual fees. The Directors received no variable remuneration. No discretionary payments were made in the year to 31 August 2021 (2020: nil). No payments for loss of office were made and no payments were made to former directors.

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

Relative importance of spend on remuneration

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

	2021	2020	Change
	£'000	£'000	£'000
Directors' total remuneration	130	131	−1
Total dividends paid and payable	6,020	5,186	+834
Total revenue income	5,951	4,778	+1,173
Buy back of ordinary shares	–	1,506	−1,506
Shares issued from treasury after costs	50,200	–	+50,200
Issue of new shares	22,262	–	+22,262

Annual percentage change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 31 August 2021:

Eric Sanderson (Chairman)	0%
Peter Baxter (Audit and Management Engagement Committee Chairman)	0%
Davina Curling	0%
Paola Subacchi	0%

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

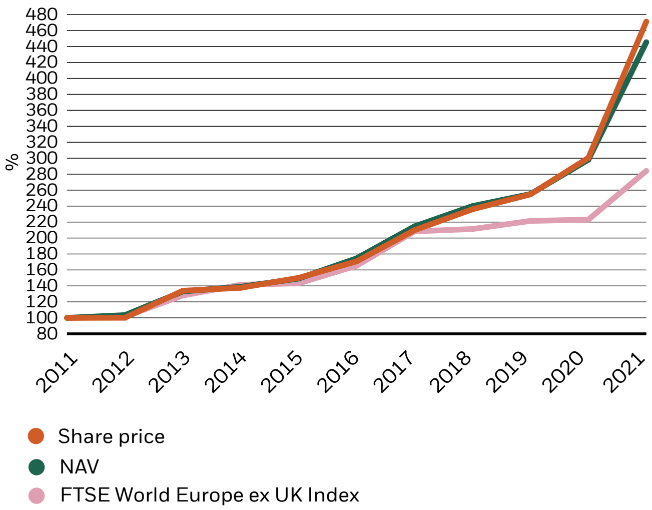
Directors' remuneration report

continued

Performance

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

Performance from 1 September 2011 to 31 August 2021



Sources: BlackRock and Datastream.
Performance with dividends reinvested in sterling terms, rebased to 100 at 1 September 2011.

Shareholdings

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

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

	31 August 2021	31 August 2020
Eric Sanderson	4,000	4,000
Peter Baxter	5,000	5,000
Davina Curling	–	–
Paola Subacchi	5,513	3,012

The information in the above table has been audited.

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

Implementation of the remuneration policy in the 2021/2022 financial year

The remuneration policy was implemented at the 2020 Annual General Meeting. Directors' fees have increased with effect from 1 September 2021 as set out on page 48.

Retirement of Directors

Details are given in the Directors' Report on page 43.

By order of the Board

ERIC SANDERSON
Chairman
4 November 2021

Directors' remuneration policy

Directors' remuneration policy

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

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

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

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

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

Consideration of shareholders' views

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

In accordance with the Companies Act 2006, the Company is required to seek shareholder approval of its remuneration policy on a triennial basis. An ordinary resolution for the approval of the remuneration policy and the future policy table was put to members at the Annual General Meeting in 2020. It is the intention of the Board that the policy on remuneration will continue to apply for all financial years of the Company up to 31 August 2023.

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

Shareholder voting

At the Company's previous Annual General Meeting held on 1 December 2020, 98.56% of votes cast (including votes cast at the Chairman's discretion) were in favour of the resolution to approve the Directors' Remuneration Report in respect of the year ended 31 August 2020 and 1.44% were against. 150,678 votes were withheld.

At the Company's Annual General Meeting held on 1 December 2020, 98.63% (including votes cast at the Chairman's discretion) were in favour of the resolution to approve the remuneration policy and 1.37% of votes cast were against. 162,005 votes were withheld.

Directors' remuneration policy

continued

Policy table

Purpose and link to strategy	Fees payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company's affairs and the level of complexity of responsibilities borne by the Directors.		
	Fees	**Discretionary fees**	**Benefits**
Description	Current levels of fixed annual fee (effective from 1 September 2021) Chairman – £42,500 Audit and Management Engagement Committee Chairman – £33,500 Directors – £29,000 The Board reviews the quantum of Directors' pay each year to ensure that this is in line with the level of Directors' remuneration for other investment trusts of a similar size. When making recommendations for any changes in fees, the Board will consider wider factors such as the average rate of inflation over the period since the previous review and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements).	The Company's Articles of Association authorise the payment of discretionary fees to Directors for any additional work undertaken on behalf of the Company which is outside of their normal duties. Any such work and the fees payable are subject to the prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to the prior approval of the Chairman of the Audit and Management Engagement Committee. Any discretionary fees paid will be disclosed in the Directors' remuneration implementation report within the Annual Report.	The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them in or about the performance of their duties as Directors, including any expenses incurred in attending meetings of the Board or Committees of the Board, Annual General Meetings or General Meetings. Some expenses incurred by Directors are required to be treated as taxable benefits. Taxable benefits include (but are not limited to) travel expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered office in London and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred, including the tax and national insurance costs incurred by the Director on such expenses.
Maximum levels	Fixed fees are set each year in accordance with the stated policies and as such there is no set maximum threshold; however, any increase granted must be in line with the stated policies. The Company's Articles of Association set an aggregate limit of £200,000 in respect of the remuneration that may be paid to Directors in any financial year. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.	The level of discretionary fees shall be determined by the Directors and will be subject to a maximum of £10,000 per annum per Director.	No more than £20,000 per annum may be paid in respect of taxable benefits.

Corporate governance statement

Chairman's introduction

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

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

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

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

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

Compliance

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

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

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

The Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company with no executive employees and, in relation to the internal audit function, in view of BlackRock having an internal audit function and due to the Chairman being independent on his appointment to the Audit and Management Engagement Committee in line with Provision 29 of the AIC Code. Further explanation is provided below.

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

The Board

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

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

Board structure and management

Details of the Board's structure, roles and responsibilities and management are set out in the summary of Governance Structure on page 26. The Directors' biographies on pages 27 and 28 demonstrate a breadth of investment, commercial, accounting, financial and professional experience which enables them to provide effective strategic leadership and proper governance of the Company. Details of the Chairman's other significant time commitments can also be found on page 27.

The Company does not have a chief executive as day-to-day management of the Company's affairs is delegated to the Manager as AIFM, with investment management and other ancillary services delegated to the Investment Manager.

Corporate governance statement
continued

Representatives of the Manager, Investment Manager and Company Secretary attend each Board meeting. The Board, the AIFM, the Investment Manager and the Company Secretary operate in a supportive and co-operative manner.

Board independence and tenure

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

The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can add significantly to the strength of the Board. It is considered that Ms Curling, who will have served as a Director for over ten years on 1 December 2021, continues to be independent in both character and judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director.

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

Diversity

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

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are discussed in the Directors' Report on page 43. The Board recognises the value of progressive renewing of, and succession planning, for company boards. The refreshment of the Board will remain as an ongoing process to ensure that the Board is well-balanced through the appointment of new Directors with the skills and experience necessary. Directors must be able to demonstrate commitment to the Company, including in terms of time.

Directors' induction, training and development

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

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

Directors' liability insurance

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

The Board's responsibilities

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

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

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

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

Performance evaluation

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

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

Delegation of responsibilities

Management and administration

The management of the investment portfolio and the administration of the Company have been contractually delegated to BlackRock Fund Managers Limited (BFM), as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)) (the Investment Manager). The contractual arrangements with BFM (the Manager) are summarised on pages 41 and 42.

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

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

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager. Details of the Investment Manager's voting policy are set out on pages 42 and 43.

The Company Secretary

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

Committees of the Board

Nomination Committee

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

Audit and Management Engagement Committee

A separately chaired Audit and Management Engagement Committee has been established and comprises the whole Board. Further details are given in the Report of the Audit and Management Engagement Committee on pages 59 to 62.

Remuneration Committee

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report and Directors' Remuneration Policy on pages 48 to 52. The full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

Internal controls

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

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

Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the operations of the Company. There is a monitoring and reporting process to review these controls which has been

Corporate governance statement

continued

in place throughout the year under review and up to the date of this report, carried out by the Manager's Risk and Quantitative Analysis Group. This accords with the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

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

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

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

Financial reporting

The Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements is set out on page 63, the Independent Auditor's Report on pages 66 to 72 and the statement of Going Concern on page 43.

Socially responsible investment

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

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

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

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

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

The Investment Manager's understanding of ESG issues is further supported by BlackRock's Sustainable Investment Team (BSI). BSI look to advance ESG research and integration, active engagement and the development of sustainable investment solutions across BlackRock. BlackRock believes ESG issues have real financial impacts over the long term. The sustainable investing effort is embedded into the Investment Manager's culture from the top down as they believe that a company's ability to manage ESG matters demonstrates the leadership and good governance that is essential to sustainable growth, which is why the Investment Manager is integrating these issues into their investment process.

The understanding of ESG risk and opportunities goes beyond initial templating of an investment idea. This is a continual process where ESG insights are embedded in the ongoing assessment of risk-reward on each company the Investment Manager invests in or monitors. Their awareness of the development of ESG risks is further aided by weekly automated emails highlighting changes to MSCI ESG controversies and scores on a single stock basis. This is reviewed by analysts and any relevant changes will be discussed in the team's morning meeting. From a portfolio management perspective, our Portfolio Managers are able to see, in Aladdin, the ESG scores of the funds they manage in comparison to their investment universe measured by a reference index both in total, and also decomposed into the three categories, namely Environmental, Social and Governance. This specifically includes Carbon Metrics and further ESG Metrics, which are linked from numerous third-party data providers, including MSCI and Sustainalytics.

Further details on ESG and Sustainable Investing can be found in the Strategic Report on pages 39 and 40.

In 2021, BlackRock became a signatory to the 2020 UK Stewardship Code, which is recognised globally as a best-practice benchmark in investment stewardship. Signatory recognition was based on the UK's Financial Reporting Council's evaluation of BIS' 2020 Calendar Year Annual Report and its determination that BlackRock met the standard of reporting. The Manager's approach to sustainable investing is detailed on the website at https://www.blackrock.com/us/individual/investment-ideas/sustainable-investing.

Bribery prevention policy

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

Criminal Finances Act 2017

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

Communications with shareholders

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

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

Corporate governance statement

continued

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

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

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

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

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

Disclosure Guidance and Transparency Rules

Other information required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules has been placed in the Directors' Report on pages 41 to 47 because it is information which refers to events that have taken place during the course of the year.

For and on behalf of the Board

ERIC SANDERSON
Chairman
4 November 2021

Report of the audit and management engagement committee

As Chairman of the Company's Audit and Management Engagement Committee (the Committee) I am pleased to present the Committee's report to shareholders for the year ended 31 August 2021.

Composition

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

The Directors' biographies are given on pages 27 and 28 and the Board considers that at least one member of the Committee has competence in accounting and/or auditing and the Committee as a whole has competence relevant to the sector in which the Company operates.

Performance evaluation

Details of the evaluation of the Committee are set out in the Corporate Governance Statement on page 55.

Role and responsibilities

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

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

Internal controls, financial reporting and risk management systems

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

Narrative reporting

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

External audit

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

Management engagement

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

Third-party service providers

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

Report of the audit and management engagement committee continued

Reporting responsibilities

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

Internal audit

- considering the need for an internal audit function, as set out in the Corporate Governance Statement on page 56 and below.

The fees paid to the external auditor are set out in note 5 of the Financial Statements. An explanation of how auditor objectivity and independence is safeguarded is reported under 'Assessment of the effectiveness of the external audit process' on page 62.

Whistleblowing policy

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

Internal audit

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

Non-audit services

The Company's policy on permitted audit related and non-audit services is set out in full in the Committee's terms of reference which are available on the website at www.blackrock.com/uk/brge. In the years to 31 August 2021 and 31 August 2020, the auditor did not provide any audit related or non-audit services to the Company.

Significant issues considered regarding the Annual Report and Financial Statements

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

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Company's Investment Manager, which sub-delegates fund accounting and the provision of depositary services to The Bank of New York Mellon (International) Limited (BNYM), the Committee has also reviewed the internal control reports prepared by BlackRock and BNYM to ensure that the relevant control procedures are in place to cover these areas of risk as identified in the table on page 61 and are adequate and appropriate and have been confirmed as operating effectively by their reporting auditors.

Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio.	Listed investments are valued using stock exchange prices from third party vendors. The Board reviews detailed portfolio valuations at each of its Board meetings and receives confirmation from the Manager that the pricing basis is appropriate, in line with relevant accounting standards as adopted by the Company, and that the carrying values are materially correct. The Board also relies on the Manager's and Fund Accountant's controls which are documented in their internal controls report which is reviewed by the Committee.
The risk of misappropriation of assets and unsecured ownership of investments.	The Depositary is responsible for financial restitution for the loss of financial investments held in custody. The Depositary reports to the Committee on a twice-yearly basis. The Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported by the Manager to the Committee. The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
The accuracy of the calculation of management fees.	The management fee is calculated in accordance with the contractual terms in the investment management agreement by the fund accountants and is reviewed in detail by the Manager and is also subject to analytical review by the Board.
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income.	The Committee reviews income forecasts, including special dividends, and receives explanations from the Manager for any variations or significant movements from previous forecasts and prior year numbers.

Auditor and audit tenure

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

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

There are no contractual obligations that restrict the Company's choice of auditor. The Committee is mindful of the EU audit legislation which requires the rotation of long-serving auditors. The Company will be mandatorily required to change its auditors by no later than 2023.

Assessment of the effectiveness of the external audit process

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

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

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

Report of the audit and management engagement committee continued

representatives of the Manager or Investment Manager being present.

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

To form a conclusion with regard to the independence of the external auditor, the Committee considers whether the skills and experience of the auditor make them a suitable supplier of any non-audit services and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of any such services. On an annual basis, EY reviews the independence of its relationship with the Company and reports 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 its independence and objectivity.

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

Conclusions in respect of the Annual Report and Financial Statements

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

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

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, it is fair, balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported on these findings to the Board which affirms the Committee's conclusions in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements.

PETER BAXTER
Chairman
Audit and Management Engagement Committee
4 November 2021

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

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

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

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

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

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

Each of the Directors at the date of this report, whose names are listed on pages 27 and 28, confirm to the best of their knowledge that:

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

The 2018 UK Corporate Governance Code also requires Directors to ensure that the Annual Report and Financial Statements is fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee's Report on pages 59 to 62. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 31 August 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

For and on behalf of the Board

ERIC SANDERSON
Chairman
4 November 2021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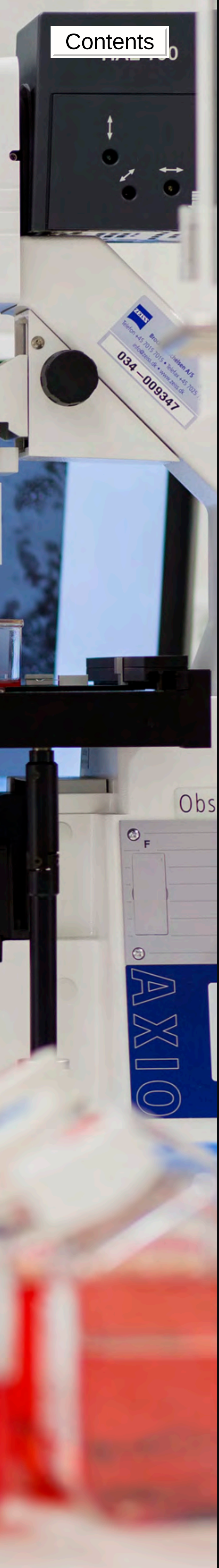

Financial statements

Long-term healthcare holding Novo Nordisk made a strong contribution to performance once again. US Food and Drug Administration approval for its weight management drug Wegovy highlights the potential for its obesity treatments to grow revenue alongside its existing diabetes medications.

PHOTO COURTESY OF NOVO NORDISK

Independent auditor's report

to the members of BlackRock Greater Europe Investment Trust plc

Opinion
We have audited the financial statements of BlackRock Greater Europe Investment Trust plc ("the Company") for the year ended 31 August 2021 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 August 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirmation of our understanding of the Company's going concern assessment process and engagement with the Directors and the Company Secretary to determine if all key factors were considered in their assessment.
- Inspection of the Directors' assessment of going concern, including the revenue forecast, for the period to 30 November 2022. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- Review of the factors and assumptions, including the impact of the COVID-19 pandemic, as applied to the revenue forecast and the Directors' liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods utilised were appropriate to be able to make an assessment for the Company.
- In relation to the Company's overdraft facility, our inspection of the Directors' assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants and performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.
- Consideration of the mitigating factors included in the revenue forecasts and covenant calculations that are within control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments to cover working capital requirements should its revenue decline significantly.
- Review of the Company's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 30 November 2022 which is at least twelve months from the date the financial statements were authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	•	Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Income Statement.
	•	Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	•	Overall materiality of £6.52m (2020: £3.88m) which represents 1% (2020: 1%) of the Company's net asset value.

An overview of the scope of our audit

Tailoring the scope

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

Key audit matters

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

Independent auditor's report

continued

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Income Statement *Refer to the Report of the Audit and Management Engagement Committee (page 61); Accounting policies (page 77); and Note 3 of the Financial Statements (page 79).* The total income from investments received for the year to 31 August 2021 was £5.95m (2020: £4.84m), consisting primarily of dividend income from overseas listed investments. The total amount of special dividends received by the Company during the year was £0.23m, all of which were classified as revenue (2020: £0.60 classified as revenue). There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.	**We performed the following procedures:** We obtained an understanding of The Bank of New York Mellon (International) Limited (BNYM) and BlackRock Fund Managers Limited (the Manager) processes and controls around revenue recognition and classification of special dividends by reviewing their internal controls reports and performing our walkthrough procedures. For the classification of special dividends, we also evaluated the design and implementation of controls. For a sample of dividends, we recalculated the investment income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, as agreed to an independent data vendor. We agreed this sample to bank statements and, where applicable, we also agreed the exchange rates to an external source. To test completeness of recorded income, we tested that expected dividends for each investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor. For all dividends accrued at the year end, we confirmed that the Company held the relevant investments as at the ex-dividend date and reviewed the investee company announcements to assess whether the obligation arose prior to 31 August 2021. We agreed the dividend rate to the corresponding announcements made by the investee company, recalculated the amount receivable and, where applicable, agreed the subsequent cash receipts to post-year end bank statements. We assessed the appropriateness of the Company's classification of special dividends as revenue with reference to publicly available information.	The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital in the Income Statement.

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
Risk of incorrect valuation or ownership of the investment portfolio *Refer to the Report of the Audit and Management Engagement Committee (page 61); Accounting policies (page 78); and Note 10 of the Financial Statements (page 84).* The valuation of the investment portfolio as at 31 August 2021 was £682.77m (2020: £409.80m), consisting of listed equity investments. The valuation of the instruments held in the investment portfolio is the key driver of the Company's net asset value and total return. Inappropriate investment pricing, including incorrect application of exchange rates, or failure to maintain proper legal title of the instruments held by the Company could have a significant impact on the portfolio valuation and, therefore, the return generated for shareholders. The fair value of listed investments is determined using quoted market bid prices at close of business on the reporting date.	**We performed the following procedures:** We obtained an understanding of BNYM's processes surrounding investment title and investment pricing by reviewing their internal control reports and performing our walkthrough procedures. For all listed investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year-end. We inspected the stale pricing reports produced by BNYM to identify prices that have not changed and verified whether the listed price is a valid fair value. We compared the Company's investment holdings at 31 August 2021 to independent confirmations received directly from the Company's Custodian and Depositary, testing any reconciling items to supporting documentation.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.

In the prior year, our auditor's report included a key audit matter in relation to the impact of COVID-19. The impact of COVID-19 on going concern continued to be relevant to our audit of the Company and we considered this as part of our overall work on going concern which is set out under "Conclusions relating to going concern". The other elements of the prior year key audit matters have not been included as a separate key audit matter as it was determined that they did not have a significant impact on our audit strategy for this year's audit.

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 £6.52m (2020: £3.88m), which is 1% (2020: 1%) of the Company's net asset value. We believe that net asset value provides us with the most important metric on which shareholders would judge the performance of the Company.

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

Independent auditor's report

continued

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 was that performance materiality was 75% (2020: 75%) of our planning materiality, namely £4.89m (2020: £2.91m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we have also applied a separate testing threshold of £0.33m (2020: £0.20m) for the revenue column of the Income Statement, being the greater of 5% of the net revenue profit on ordinary activities before taxation and our reporting threshold.

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

We agreed with the Audit and Management Engagement Committee that we would report to them all uncorrected audit differences in excess of £0.33m (2020: £0.19m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 64 and 95 to 114, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that 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.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 43 and 77;
- The Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 34;
- The Directors' statement on fair, balanced and understandable set out on pages 62 and 63;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 31;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 31 to 34; and;
- The section describing the work of the Audit and Management Engagement Committee set out on pages 59 to 62.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements set out on page 63, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Companies' Code of Corporate Governance and Statement of Recommended Practice, section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how BlackRock Greater Europe Investment Trust plc is complying with those frameworks through discussions with the Audit and Management Engagement Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Independent auditor's report
continued

Other matters we are required to address

- Following the recommendation from the Audit and Management Engagement Committee, we were appointed by the Company on 10 June 2004 to audit the financial statements for the period ending 15 October 2004 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 18 years, covering the periods ending 15 October 2004 to 31 August 2021.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit and Management Engagement Committee.

Use of our report

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

Matthew Price (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
4 November 2021

Income statement

for the year ended 31 August 2021

		Revenue		Capital		Total	
	Notes	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Gains on investments held at fair value through profit or loss	10	–	–	195,351	54,642	195,351	54,642
Gains/(losses) on foreign exchange		–	–	1,177	(2,088)	1,177	(2,088)
Income from investments held at fair value through profit or loss	3	5,951	4,682	–	–	5,951	4,682
Other income	3	–	96	–	–	–	96
Total income		**5,951**	**4,778**	**196,528**	**52,554**	**202,479**	**57,332**
Expenses							
Investment management fee	4	(831)	(585)	(3,325)	(2,340)	(4,156)	(2,925)
Other operating expenses	5	(787)	(566)	(19)	(8)	(806)	(574)
Total operating expenses		**(1,618)**	**(1,151)**	**(3,344)**	**(2,348)**	**(4,962)**	**(3,499)**
Net profit on ordinary activities before finance costs and taxation		**4,333**	**3,627**	**193,184**	**50,206**	**197,517**	**53,833**
Finance costs (expense)/write back	6	(51)	237	(204)	(120)	(255)	117
Net profit on ordinary activities before taxation		**4,282**	**3,864**	**192,980**	**50,086**	**197,262**	**53,950**
Taxation (charge)/credit	7	(687)	1,912	–	–	(687)	1,912
Net profit on ordinary activities after taxation	**9**	**3,595**	**5,776**	**192,980**	**50,086**	**196,575**	**55,862**
Earnings per ordinary share (pence)	**9**	**4.13**	**6.85**	**221.66**	**59.36**	**225.79**	**66.21**

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

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

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

Statement of changes in equity

for the year ended 31 August 2021

	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 31 August 2021								
At 31 August 2020		110	–	130	47,339	329,341	10,941	387,861
Total comprehensive income:								
Net profit for the year		–	–	–	–	192,980	3,595	196,575
Transaction with owners, recorded directly to equity:								
Ordinary shares issued	13, 14	3	22,304	–	–	–	–	22,307
Ordinary shares reissued from treasury	13, 14	–	26,081	–	24,220	–	–	50,301
Share issue costs	13, 14	–	(45)	–	–	–	–	(45)
Share reissue costs – treasury	13, 14	–	–	–	(101)	–	–	(101)
Tender costs written back		–	–	–	83	–	–	83
Dividends paid[1]	8	–	–	–	–	–	(5,250)	(5,250)
At 31 August 2021		**113**	**48,340**	**130**	**71,541**	**522,321**	**9,286**	**651,731**

	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 31 August 2020								
At 31 August 2019		110	–	130	48,845	279,255	10,102	338,442
Total comprehensive income:								
Net profit for the year		–	–	–	–	50,086	5,776	55,862
Transaction with owners, recorded directly to equity:								
Ordinary shares purchased into treasury		–	–	–	(1,498)	–	–	(1,498)
Share purchase costs		–	–	–	(8)	–	–	(8)
Dividends paid[2]	8	–	–	–	–	–	(4,937)	(4,937)
At 31 August 2020		**110**	**–**	**130**	**47,339**	**329,341**	**10,941**	**387,861**

1 Interim dividend paid in respect of the year ended 31 August 2021 of 1.75p per share was declared on 23 April 2021 and paid on 4 June 2021. Final dividend paid in respect of the year ended 31 August 2020 of 4.40p per share was declared on 22 October 2020 and paid on 9 December 2020.

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

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

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

Balance sheet

as at 31 August 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	682,774	409,802
Current assets			
Current tax asset		1,240	1,398
Debtors	11	6,424	473
Cash and cash equivalents		–	141
Total current assets		7,664	2,012
Creditors – amounts falling due within one year			
Bank overdraft		(27,721)	(21,817)
Other creditors	12	(10,986)	(2,136)
Total current liabilities		(38,707)	(23,953)
Net current liabilities		**(31,043)**	**(21,941)**
Net assets		**651,731**	**387,861**
Capital and reserves			
Called up share capital	13	113	110
Share premium account	14	48,340	–
Capital redemption reserve	14	130	130
Special reserve	14	71,541	47,339
Capital reserves	14	522,321	329,341
Revenue reserve	14	9,286	10,941
Total shareholders' funds		**651,731**	**387,861**
Net asset value per ordinary share (pence)	**9**	**678.49**	**459.97**

The financial statements on pages 73 to 93 were approved and authorised for issue by the Board of Directors on 4 November 2021 and signed on its behalf by Eric Sanderson, Chairman.

BlackRock Greater Europe Investment Trust plc

Registered in England, No. 5142459

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

Statement of cash flows

for the year ended 31 August 2021

	Note	2021 £'000	2020 £'000
Operating activities			
Net profit on ordinary activities before taxation		197,262	53,950
Add back finance costs expense/(written back)		255	(117)
Gains on investments held at fair value through profit or loss		(195,351)	(54,642)
(Gains)/losses on foreign exchange		(1,177)	2,088
Sales of investments held at fair value through profit or loss		96,003	121,281
Purchase of investments held at fair value through profit or loss		(168,909)	(135,627)
Decrease/(increase) in debtors		276	(351)
Increase/(decrease) in other creditors		865	(872)
Taxation on investment income		(1,272)	(653)
Interest paid		(255)	(150)
Refund of corporation tax		–	1,461
Refund of withholding tax reclaims		743	392
Net cash used in operating activities		**(71,560)**	**(13,240)**
Financing activities			
Ordinary shares purchased into treasury		–	(1,498)
Proceeds from Ordinary shares issued		19,388	–
Proceeds from Ordinary shares reissued from treasury		50,200	–
Share purchase and tender costs		–	(8)
Dividends paid	8	(5,250)	(4,937)
Net cash generated from/(used in) financing activities		**64,338**	**(6,443)**
Decrease in cash and cash equivalents		**(7,222)**	**(19,683)**
Cash and cash equivalents at the start of the year		(21,676)	95
Effect of foreign exchange rate changes		1,177	(2,088)
Cash and cash equivalents at the end of the year		**(27,721)**	**(21,676)**
Comprised of:			
Cash at bank		–	141
Bank overdraft		(27,721)	(21,817)
		(27,721)	**(21,676)**

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

Notes to the financial statements

for the year ended 31 August 2021

1. Principal activity

The Company was incorporated on 1 June 2004 and its principal activity is that of an investment trust company within the meaning of Section 1158 of the Corporation Tax Act 2010.

2. Accounting policies

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

(a) Basis of preparation

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

The financial statements have been prepared on a going concern basis. The Directors have considered any potential impact of the COVID-19 pandemic, its potential longer-term effects on the global economy and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience on the going concern of the Company. The Directors have reviewed compliance with the covenants associated with the bank overdraft facility, income and expense projections and the liquidity of the investment portfolio in making their assessment. Accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least one year from the date of approval of the financial statements, and therefore consider the going concern assumption to be appropriate.

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

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

(b) Presentation of Income Statement

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

(c) Segmental reporting

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

(d) Income

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

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

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

Deposit interest receivable is accounted for on an accruals basis.

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

(e) Expenses

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

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

(f) Taxation

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

Notes to the financial statements
continued

2. Accounting policies continued

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

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

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

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

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

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

The fair value hierarchy consists of the following three levels:

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

Level 2 – Valuation techniques using observable inputs.

Level 3 – Valuation techniques using significant unobservable inputs.

(h) Debtors

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

(i) Creditors

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

(j) Dividends payable

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

(k) Cash and cash equivalents

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

(l) Foreign currency translation

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

(m) Share repurchases, share reissues and new share issues

Shares repurchased and subsequently cancelled – share capital is reduced by the nominal value of the shares repurchased and the capital redemption reserve is correspondingly increased in accordance with Section 733 of the Companies Act 2006. The full cost of the repurchase is charged to the special reserve.

Shares repurchased and held in treasury – the full cost of the repurchase is charged to the special reserve. Where treasury shares are subsequently reissued:

- amounts received to the extent of the repurchase price are credited to the special reserve; and
- any surplus received in excess of the repurchase price is taken to the share premium account.

Where new shares are issued, amounts received to the extent of any surplus received in excess of the par value are taken to the share premium account.

Share issue costs are charged to the share premium account.

(n) Bank borrowings

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

(o) Critical accounting estimates and judgements

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors do not believe that any accounting judgements or estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Income

	2021 £'000	2020 £'000
Investment income:		
UK dividends	438	472
Overseas dividends	5,490	4,147
Overseas special dividends	23	63
	5,951	**4,682**
Other income:		
Interest on corporation tax refund	–	80
Interest on withholding tax reclaims	–	16
	–	**96**
Total income	**5,951**	**4,778**

Dividends and interest received in cash during the period amounted to £5,031,000 and £nil respectively (2020: £3,651,000 and £nil).

No special dividends have been recognised in capital during the year (2020: £nil).

4. Investment management fee

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	831	3,325	4,156	585	2,340	2,925
Total	**831**	**3,325**	**4,156**	**585**	**2,340**	**2,925**

The investment management fee is levied quarterly, based on 0.85% per annum of net asset value on the last day of each month. The investment management fee is allocated 80% to capital reserves and 20% to the revenue reserve. There is no additional fee for company secretarial and administration services.

Notes to the financial statements
continued

5. Other operating expenses

	2021 £'000	2020 £'000
Allocated to revenue:		
Broker fees	48	48
Custody fees	58	50
Depositary fees	53	36
Audit fees[1]	43	34
Legal fees	26	24
Registrars' fees	84	80
Directors' emoluments[2]	130	131
Marketing fees	118	111
Postage and printing fees	67	64
Tax agent fees	–	36
AIC fees	21	26
Professional fees	18	15
Stock exchange listing fees	129	11
Write back of prior year expense accruals	(73)	(156)
Other administration costs	65	56
	787	**566**
Allocated to capital:		
Custody transaction costs[3]	19	8
	806	**574**
The Company's ongoing charges[4], calculated as a percentage of average daily net assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items were:	1.02%	1.01%

[1] No non-audit services are provided by the Company's auditors.

[2] Further information on Directors' emoluments can be found in the Directors' Remuneration Report on page 49. The Company has no employees.

[3] For the year ended 31 August 2021, expenses of £19,000 (2020: £8,000) were charged to the capital column of the Income Statement. These relate to transaction costs charged by the custodian on sale and purchase trades.

[4] Alternative performance measure, see Glossary on page 106.

6. Finance costs

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank overdraft	51	204	255	30	120	150
Interest accrued – corporation tax	–	–	–	12	–	12
Write back of interest accrued on corporation tax liability (note 7 (c))	–	–	–	(279)	–	(279)
	51	**204**	**255**	**(237)**	**120**	**(117)**

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

7. Taxation

(a) Analysis of charge/(credit) in year

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current taxation:						
Overseas tax suffered	687	–	687	443	–	443
Prior year UK corporation tax adjustment (note 7(c))	–	–	–	(2,355)	–	(2,355)
Total taxation charge/(credit) (note 7 (b))	**687**	**–**	**687**	**(1,912)**	**–**	**(1,912)**

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

The taxation assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19.00%. The differences are explained below.

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit on ordinary activities before taxation	4,282	192,980	197,262	3,864	50,086	53,950
Profit on ordinary activities multiplied by standard rate of 19.00% (2020: 19.00%)	814	36,666	37,480	734	9,516	10,250
Effects of:						
Overseas tax suffered	687	–	687	443	–	443
Exchange (gain)/loss not taxable	–	(224)	(224)	–	397	397
Overseas dividends not subject to tax	(971)	–	(971)	(698)	–	(698)
UK corporation tax – prior year adjustment	–	–	–	(2,355)	–	(2,355)
UK dividends not subject to tax	(83)	–	(83)	(90)	–	(90)
Movement in management expenses not utilised/recognised	235	632	867	65	467	532
Non-trade loan relationship deficit not utilised/recognised	13	39	52	–	–	–
Expense relief for overseas tax	(8)	–	(8)	(11)	–	(11)
Disallowed expenses	–	4	4	–	2	2
Capital gains not taxable	–	(37,117)	(37,117)	–	(10,382)	(10,382)
Total taxation charge/(credit) (note 7(a))	**687**	**–**	**687**	**(1,912)**	**–**	**(1,912)**

At 31 August 2021 the Company had net surplus management expenses of £34.4 million (2020: £29.9 million) and a non-trade loan relationship deficit of £0.8 million (2020: £0.6 million) giving total unutilised losses of £35.2 million (2020: £30.5 million). A deferred tax asset has not been recognised in respect of these losses because the Company is not expected to generate taxable income in the future in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing expenses or loan relationship deficits. The deferred tax asset has been calculated at a rate of 25% UK corporation tax and there was an unrecognised deferred tax asset of £8.8 million (2020: £5.8 million) at 31 August 2021.

(c) Prior year UK corporation tax refund

In the previous year, the Company received a corporation tax repayment of £1.5 million from Her Majesty's Revenue & Customs (HMRC). The refund related to corporation tax paid with respect to the years ended 2007, 2008 and 2009 and was issued as HMRC agreed that the Company was entitled to claim credit relief for the underlying tax associated with overseas dividends received in those periods. The entitlement to claim credit relief for underlying tax enabled the Company to release a related accounting provision in the previous year for corporation tax liability of £0.9 million and interest accrual thereon of £0.3 million. The £1.5 million tax refund and the release of the £0.9 million provision generated the corporation tax prior years adjustment credit of £2,355,000 for the year ended 31 August 2020.

Notes to the financial statements

continued

8. Dividends

Dividends paid on equity shares	Record date	Payment date	2021 £'000	2020 £'000
2019 Final dividend of 4.10p	1 November 2019	10 December 2019	–	3,461
2020 Interim dividend of 1.75p	15 May 2020	10 June 2020	–	1,476
2020 Final dividend of 4.40p	30 October 2020	9 December 2020	3,710	–
2021 Interim dividend of 1.75p	7 May 2021	4 June 2021	1,540	–
			5,250	**4,937**

The Directors have proposed a final dividend of 4.55p per share in respect of the year ended 31 August 2021. The final dividend will be paid on 17 December 2021, subject to shareholders' approval on 9 December 2021, to shareholders on the Company's register on 19 November 2021. The proposed final dividend has not been included as a liability in these financial statements, as final dividends are only recognised in the financial statements when they have been approved by shareholders.

The total dividends payable in respect of the year which form the basis of determining retained income for the purpose of Section 1158 of the Corporation Tax Act 2010 and Section 833 of the Companies Act 2006, and the amount proposed for the year ended 31 August 2021, meet the relevant requirements as set out in this legislation.

Dividends paid or proposed on equity shares	2021 £'000	2020 £'000
Interim paid of 1.75p (2020: 1.75p)	1,540	1,476
Final proposed of 4.55p* (2020: 4.40p)	4,480	3,710
	6,020	**5,186**

* Based on 98,455,411 ordinary shares (excluding treasury shares) in issue on 2 November 2021.

All dividends paid or payable are distributed from the Company's current year profit and brought forward revenue reserves.

9. Earnings and net asset value per ordinary share

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

	2021	2020
Net revenue profit attributable to ordinary shareholders (£'000)	3,595	5,776
Net capital profit attributable to ordinary shareholders (£'000)	192,980	50,086
Total profit attributable to ordinary shareholders (£'000)	**196,575**	**55,862**
Total shareholders' funds (£'000)	**651,731**	**387,861**
Earnings per share		
The weighted average number of ordinary shares in issue during the year on which the earnings per ordinary share was calculated was:	87,062,072	84,368,978
The actual number of ordinary shares in issue at the end of the year on which the net asset value was calculated was:	96,055,411	84,323,101
Calculated on weighted average number of ordinary shares:		
Revenue earnings per share (pence) – basic and diluted	4.13	6.85
Capital earnings per share (pence) – basic and diluted	221.66	59.36
Total earnings per share (pence) – basic and diluted	**225.79**	**66.21**

	As at 31 August 2021	As at 31 August 2020
Net asset value per share (pence)	678.49	459.97
Ordinary share price (pence)	692.00	447.00

There were no dilutive securities at the year end.

Notes to the financial statements
continued

10. Investments held at fair value through profit or loss

	2021 £'000	2020 £'000
UK listed equity investments	36,897	16,467
Overseas listed equity investments	645,877	393,335
Valuation of listed investments at 31 August	**682,774**	**409,802**
Opening book cost of equity investments	299,654	263,558
Investment holding gains	110,148	77,256
Opening fair value	**409,802**	**340,814**
Analysis of transactions made during the year:		
Purchases at cost	176,977	135,627
Sales proceeds received	(99,356)	(121,281)
Gains on investments	195,351	54,642
Closing fair value	**682,774**	**409,802**
Closing book cost of equity investments	393,781	299,654
Closing investment holding gains	288,993	110,148
Closing fair value	**682,774**	**409,802**

The Company received £99,356,000 (2020: £121,281,000) from investments sold in the year. The book cost of these investments when they were purchased was £82,850,000 (2020: £99,531,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

Transaction costs of £140,000 (2020: £138,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £54,000 (2020: £61,000). All transaction costs have been included within capital reserves.

11. Debtors

	2021 £'000	2020 £'000
Sales for future settlement	3,353	–
Share issue receivable	2,874	–
Prepayments and accrued income	197	473
	6,424	**473**

12. Creditors – amounts falling due within one year

	2021 £'000	2020 £'000
Purchases for future settlement	8,068	–
Other payables	14	96
Accrued expenditure	2,904	2,040
	10,986	**2,136**

13. Called up share capital

	Ordinary shares number	Treasury shares number	Total shares number	Nominal value £'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 0.1 pence each:				
At 31 August 2020	84,323,101	26,005,837	110,328,938	110
Ordinary shares issued	3,300,000	–	3,300,000	3
Ordinary shares reissued from treasury	8,432,310	(8,432,310)	–	–
At 31 August 2021	**96,055,411**	**17,573,527**	**113,628,938**	**113**

During the year no ordinary shares were repurchased and held in treasury (2020: 390,000) for a total consideration, including expenses, of £nil (2020: £1,506,000).

During the year 8,432,310 (2020: nil) shares were reissued from treasury for a net consideration of £50,200,000 (2020: £nil) and 3,300,000 (2020: nil) new shares were issued for a net consideration of £22,262,000 (2020: £nil).

The number of ordinary shares in issue at the year end was 113,628,938 (2020: 110,328,938) of which 17,573,527 (2020: 26,005,837) were held in treasury.

14. Reserves

			Distributable Reserves			
	Share premium account £'000	Capital redemption reserve £'000	Special reserve[1] £'000	Capital reserve (arising on investments sold) £'000	Capital reserve (arising on revaluation of investments held) £'000	Revenue reserve £'000
At 31 August 2020	–	130	47,339	219,363	109,978	10,941
Movement during the year:						
Total comprehensive income:						
Net profit for the year	–	–	–	14,208	178,772	3,595
Transactions with owners, recorded directly to equity:						
Ordinary shares issued	22,304	–	–	–	–	–
Ordinary shares reissued from treasury	26,081	–	24,220	–	–	–
Share issue costs	(45)	–	–	–	–	–
Share reissue costs – treasury	–	–	(101)	–	–	–
Tender costs written back	–	–	83	–	–	–
Dividends paid during the year	–	–	–	–	–	(5,250)
At 31 August 2021	**48,340**	**130**	**71,541**	**233,571**	**288,750**	**9,286**

[1] Relates to amount transferred from the share premium account to a special reserve pursuant to Court approval received on 15 October 2004.

The share premium account and capital redemption reserve are not distributable reserves under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the special reserve and capital reserve may be used as distributable reserves for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments as dividends. In accordance with the Company's Articles of Association, special reserves, capital reserves and revenue reserves may be distributed by way of dividend. The capital reserve arising on the revaluation of investments of £288,750,000 is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable. The investments are subject to financial risks; as such capital reserves (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments.

Notes to the financial statements
continued

15. Risk management policies and procedures
The Company's investment activities expose it to various types of risks which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and shareholders should refer to the Alternative Investment Fund Managers' Directive FUND 3.2.2R Disclosures which can be found at www.blackrock.com/uk/brge for a more detailed discussion of the risks inherent in investing in the Company.

Risk management framework
The following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM). However, as disclosed in the Corporate Governance Statement on pages 55 and 56 and in the Statement of Directors' Responsibilities on page 63, it is the ultimate responsibility of the Board to ensure that the Company's risks are appropriately monitored, and to the extent that elements of this are delegated to third-party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of relevant agreements and taking appropriate action to the extent issues are identified.

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

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

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

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

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

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

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

The one-day VaR as at 31 August 2021 and 31 August 2020 (based on a 99% confidence level) was 2.20% and 5.09%, respectively.

(i) Market risk arising from foreign currency risk
Exposure to foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency sensitivity risk has been covered by the VaR analysis under the market risk section.

The fair values of the Company's monetary items which have foreign currency exposure at 31 August 2021 and 31 August 2020 are shown below. Where the Company's equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2021			2020		
	Euro	Swiss Franc	Other	Euro	Swiss Franc	Other
	£'000	£'000	£'000	£'000	£'000	£'000
Debtors (due from brokers, prepayments and accrued income)	3,755	462	424	458	835	563
Creditors (due to brokers and other payables)	(3,322)	(7,608)	(350)	–	–	–
Cash	–	–	–	–	–	141
Overdraft	(27,487)	–	(125)	(21,623)	–	–
Total foreign currency exposure on net monetary items	**(27,054)**	**(7,146)**	**(51)**	**(21,165)**	**835**	**704**
Investments at fair value through profit or loss that are equities	321,763	142,596	218,415	219,486	60,547	129,769
Total net foreign currency exposure	**294,709**	**135,450**	**218,364**	**198,321**	**61,382**	**130,473**

Concentration of exposure to foreign currency risks
An analysis of the Company's investment portfolio is shown on pages 21 and 22. At 31 August 2021 this shows that the portfolio had significant levels of investments in Europe. Accordingly, there is a concentration of exposure to Europe and equates to exposure to the economic conditions in Europe, though it is recognised that this aligns with the investment objective and policy adopted by the Company.

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

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

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

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

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

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

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

Notes to the financial statements
continued

15. Risk management policies and procedures continued

Interest rate exposure

The exposure at 31 August 2021 and 31 August 2020 of financial assets and liabilities to interest rate risk is shown by reference to:

– floating interest rates – when the interest rate is due to be re-set; and

– fixed interest rates – when the financial instrument is due for repayment.

	2021			2020		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash	–	–	–	141	–	141
Bank overdraft	(27,721)	–	(27,721)	(21,817)	–	(21,817)
Total exposure to interest rates	**(27,721)**	**–**	**(27,721)**	**(21,676)**	**–**	**(21,676)**

The Company does not have any fixed rate exposure at 31 August 2021 or 31 August 2020.

Management of interest rate risk

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

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

Interest received on cash balances, or paid on the bank overdraft respectively, is approximately 0.00% and 3.10% per annum (2020: 0.21% and 3.44% per annum).

(iii) Market risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Company and the market price of its investments and could result in increased premiums or discounts to the Company's net asset value.

COVID-19 continues to have an impact on the global economy, supply chains and capital markets, and could continue to adversely affect the economies of many nations across the entire global economy, individual issuers and capital markets, and could continue to an extent that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established health care systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

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

The Company's exposure to other changes in market prices at 31 August 2021 on its equity investments was £682,774,000 (2020: £409,802,000).

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

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

There were no past due or impaired assets at 31 August 2021 (31 August 2020: nil). The major counterparties engaged with the Company are all widely recognised and regulated entities.

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.

Depositary
The Company's Depositary is The Bank of New York Mellon (International) Limited (BNYM or the Depositary) (S&P long-term credit rating as at 31 August 2021: AA- (31 August 2020: AA-)). All of the equity assets and cash of the Company are held within the custodial network of the global custodian appointed by the Depositary. Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to its investments held by the Depositary to be delayed or limited. The maximum exposure to this risk at 31 August 2021 is the total value of investments held with the Depositary and cash and cash equivalents in the Balance Sheet.

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

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

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

The following table details the total number of counterparties to which the Company is exposed, the maximum exposure to any one counterparty, any 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[1] £'000	Total exposure to all other counterparties[1] £'000	Lowest credit rating of any one counterparty[2]
2021	5	2,874	3,353	BBB+
2020	1	141	–	AA-

1 Calculated on a net exposure basis.
2 S&P ratings.

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

Notes to the financial statements
continued

15. Risk management policies and procedures continued

Debtors
Amounts due from debtors are disclosed in the Balance Sheet as debtors.

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

In summary, the exposure to credit risk at 31 August 2021 and 31 August 2020 was as follows:

	2021 £'000	2020 £'000
Debtors (amounts due from brokers, prepayments and accrued income)	6,424	473
	6,424	**473**

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

The counterparty credit risk is managed as follows:

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

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

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

– the RQA CCR team review the credit standard of the Company's brokers on a periodic basis and set limits on the amount that may be due from any one broker.

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

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

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

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

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

(c) Liquidity risk
This is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. At the year end, the Company had an available overdraft facility of the lower of £52 million or 15% of the Company's net assets (2020: lower of £41,150,000 or 15% of the Company's net assets).

Liquidity risk exposure

The undiscounted gross cash outflows of the financial liabilities as at 31 August 2021 and 31 August 2020, based on the earliest date on which payment can be required, were as follows:

	2021 Within 1 year £'000	2020 Within 1 year £'000
Current liabilities:		
Bank overdraft	(27,721)	(21,817)
Creditors – amounts falling due within one year	(10,986)	(2,136)
	(38,707)	**(23,953)**

Management of liquidity risk

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

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

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

(d) Valuation of financial instruments

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

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

The fair value hierarchy has the following levels:

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

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

Level 2 – Valuation techniques using observable inputs

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

Level 3 – Valuation techniques using significant unobservable inputs

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

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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

Notes to the financial statements
continued

15. Risk management policies and procedures continued
Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager.

Fair values of financial assets and financial liabilities
The table below is an analysis of the Company's financial instruments measured at fair value at the balance sheet date.

Financial assets at fair value through profit or loss at 31 August 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	682,774	–	–	682,774

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

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 August 2021 and 31 August 2020. The Company did not hold any Level 3 securities throughout the financial year or as at 31 August 2021 (2020: nil).

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

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

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

The Company's total capital as at 31 August 2021 was £651,731,000 (2020: £387,861,000) comprised of equity, capital and other reserves.

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

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

The Company is subject to externally imposed capital requirements:

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

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

17. Transactions with the Manager and Investment Manager

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on pages 41 and 42.

The investment management fee is levied quarterly, based on 0.85% per annum of net asset value on the last day of each month. The investment management fee due for the year ended 31 August 2021 amounted to £4,156,000 (2020: £2,925,000). At the year end, £2,376,000 was outstanding in respect of the management fee (2020: £1,484,000).

In addition to the above services, BIM (UK) provided the Company with marketing services. The total fees paid or payable for these services for the period ended 31 August 2021 amounted to £118,000 excluding VAT (2020: £111,000). Marketing fees of £64,000 were outstanding at 31 August 2021 (2020: £181,000).

The ultimate holding company of the Manager and the Investment Manager is BlackRock, Inc., a company incorporated in Delaware USA.

18. Related party disclosure

Disclosures of the Directors' interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 49 and 50. At 31 August 2021, £11,000 (2020: £11,000) was outstanding in respect of Directors' fees.

Significant Holdings
The following investors are:

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

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

As at 31 August 2021

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

As at 31 August 2020

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

19. Contingent liabilities

There were no contingent liabilities at 31 August 2021 (2020: nil).


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Additional information

During the year we added to long-term holding Lonza Group, the Swiss-listed high-end drugs manufacturer. We expect continual growth from its biologics business over the next decade.

PHOTO COURTESY OF LONZA

Shareholder information

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

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

Dividend – 2021
The proposed final dividend in respect of the year ended 31 August 2021 is 4.55p per share. The Board also declared an interim dividend of 1.75p per share which was paid on 4 June 2021 to shareholders on the register on 7 May 2021.

Ex-dividend date (shares transferred without the dividend)	18 November 2021
Record date (last date for registering transfers to receive the dividend)	19 November 2021
Last date for registering DRIP instructions	26 November 2021
Dividend payment date	17 December 2021

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

Dividend reinvestment scheme (DRIP)
Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0370 707 1163. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 26 November 2021.

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 www.blackrock.com/uk/brge.

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

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

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

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

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

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

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

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

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

CREST

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

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

Risk factors

- Past performance is not necessarily a guide to future performance.
- The value of your investment in the Company and the income from it can fluctuate as the value of the underlying investments fluctuate.
- The price at which the Company's shares trade on the London Stock Exchange is not the same as their net asset value (NAV) (although they are related) and therefore you may realise returns which are lower or higher than NAV performance.

Electronic communications

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

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

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 their shareholder reference number, control number and a unique identification PIN which will be provided with voting instructions and the Notice of Annual General Meeting.

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

Nominee code

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

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

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

Publication of net asset value/portfolio analysis

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

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

Individual Savings Account (ISA)

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

Online access

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

Shareholder information

continued

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at investorcentre.co.uk. To access Computershare's website, you will need your shareholder reference number (SRN) which can be found on paper or electronic communications you have previously received from Computershare. Listed below are the most frequently used features of the website.

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

Shareholder enquiries

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

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

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

General enquiries

Enquiries about the Company should be directed to:

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

Analysis of ordinary shareholders

as at 31 August 2021

By type of holder

	Number of shares*	% of total 2021	% of total 2020	Number of holders	% of total 2021	% of total 2020
Direct private investors	24,153,213	25.3	29.8	7,082	92.0	92.8
Banks and nominee companies	70,481,032	73.7	69.4	549	7.1	6.4
Others	1,006,166	1.0	0.8	67	0.9	0.8
	95,640,411	100.0	100.0	7,698	100.0	100.0

By size of holding

	Number of shares*	% of total 2021	% of total 2020	Number of holders	% of total 2021	% of total 2020
1-5,000	11,701,118	12.2	14.1	6,110	79.4	78.8
5,001-100,000	18,335,872	19.2	22.6	1,508	19.6	20.2
100,001-1,000,000	19,163,754	20.0	21.6	67	0.9	0.9
1,000,001-5,000,000	7,623,665	8.0	26.4	10	0.1	0.1
Over 5,000,000	38,816,002	40.6	15.3	3	0.0	0.0
	95,640,411	100.0	100.0	7,698	100.0	100.0

* Excludes Treasury Shares of 17,573,527 and unsettled share issuance trades of 415,000 shares as at 31 August 2021.

Historical record

Year ended 31 August	Ordinary shares in issue ex. Treasury	Treasury shares	Net assets attributable to ordinary shareholders £'000	Net asset value per ordinary share – undiluted p	Ordinary share price p	Revenue attributable to ordinary shareholders £'000	Revenue earnings per share p	Dividend per share p
2006	130,238,932	3,466,164	206,273	158.38	151.00	3,396	2.53	2.00
2007	119,843,969	4,885,076	221,331	184.68	179.00	3,823	3.06	2.40
2008	112,388,958	2,728,833	191,040	169.98	156.75	4,308	3.73	3.00
2009	105,124,598	1,696,092	172,713	164.29	153.75	3,519	3.26	3.15
2010	99,042,423	2,642,046	174,375	176.06	159.25	3,194	3.13	3.30
2011	95,859,314	1,739,788	178,535	186.25	181.00	6,581	6.77	3.50*
2012	119,793,123	4,760,637	223,041	186.19	175.00	5,984	5.52	4.20
2013	108,719,211	5,718,353	254,941	234.49	228.75	7,295	6.32	4.50**
2014	108,828,058	5,429,676	258,987	237.98	228.50	4,964	4.59	4.70
2015	104,309,663	5,488,898	261,459	250.66	244.00	5,609	5.28	5.00
2016	102,603,113	7,725,825	294,908	287.43	272.00	5,782	5.60	5.30
2017	95,295,953	15,032,985	330,727	347.05	328.00	5,172	5.33	5.45
2018	86,459,691	23,869,247	330,419	382.17	363.00	5,347	5.95	5.75
2019	84,713,101	25,615,837	338,442	399.52	385.00	4,160	4.87	5.85
2020	84,323,101	26,005,837	387,861	459.97	447.00	5,776	6.85	6.15
2021	**96,055,411**	**17,573,527**	**651,731**	**678.49**	**692.00**	**3,595**	**4.13**	**6.30**

* Excluding a special dividend of 2.50p per share.
** Excluding a special dividend of 1.00p per share.

Management and other service providers

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

Investment Manager and Secretary
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12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

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

Depositary, Custodian, Banker and Fund Accountant
The Bank of New York Mellon (International) Limited*
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25 Churchill Place
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London EC2R 7AS

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

* Authorised and regulated by the Financial Conduct Authority.

AIFMD disclosures

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

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

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

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

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

	Commitment leverage as at 31 August 2021	Gross leverage as at 31 August 2021
Leverage ratio	1.11	1.10

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

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

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

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
4 November 2021

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 reissued a total of 8,432,310 ordinary shares from treasury during the year with a total nominal value of £8,432 which were issued at an average price of 595.33p per share for a net consideration of £50,200,000. The Company also allotted 3,300,000 ordinary shares during the year with a total nominal value of £3,300 at an average price of 674.61p for a net consideration of £22,262,000. Since the year end up to 2 November 2021, a further 2,400,000 ordinary shares have been allotted at an average price of 689.12p per share and for a net consideration of £16,542,000. Details of the allotments are set out in the following table:

Allottee	Number of transactions	Total shares issued	Price range (p)	Total consideration (£)	Average premium (%)
Cenkos Securities PLC	128	14,132,310	519.00 - 704.75	89,004,000	2.0

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

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

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

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

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

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
4 November 2021

Glossary

Alternative performance measures (APM)

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

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

Closed-end company

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

Discount and premium*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. For example, if the share price was 90p and the NAV 100p, the discount would be 10%.

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. As at 31 August 2021, the share price was 692.00p (31 August 2020: 447.00p) and the NAV was 678.49p (31 August 2020: 459.97p), therefore the premium was 2.0% (31 August 2020: discount of 2.8%) (please see note 9 of the financial statements on page 83 for the inputs to the calculation).

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

Gearing and borrowings*

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

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

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

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

Net gearing calculation	**Page**	**31 August 2021 £'000**	**31 August 2020 £'000**	
Net assets	75	651,731	387,861	(a)
Borrowings	75	27,721	21,817	(b)
Total assets (a + b)		679,452	409,678	(c)
Current assets[1]	75	7,664	2,012	(d)
Current liabilities (excluding borrowings)	75	(10,986)	(2,136)	(e)
Net current liabilities (d + e)		(3,322)	(124)	(f)
Net gearing (g = (c – f – a)/ a)		**4.8%**	**5.7%**	**(g)**

[1] Includes cash at bank.

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

Leverage

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

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

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

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The treatment of cash and cash equivalent balances

* Alternative performance measures.

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

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

This is the theoretical return on shareholders' funds per share or share price per share, reflecting the change in value of the NAV or share price per share assuming that dividends paid to shareholders were reinvested at the first opportunity. The measure is also known as 'total return' and this information enables investors to make performance comparisons between investment trusts with different dividend policies. The dividend reinvestment calculation measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/Share price. Details of the calculation are set out in the tables that follow and are cross referenced in the tables to the pages where the inputs to the calculation can be located.

NAV total return	Page	31 August 2021	31 August 2020	
Closing NAV per share (pence)	83	678.49	459.97	
Add back interim and final dividends (pence)	82	6.15	5.85	
Effect of dividend reinvestment (pence)		2.46	1.15	
Adjusted closing NAV (pence)		687.10	466.97	(a)
Opening NAV per share (pence)	83	459.97	399.52	(b)
NAV performance (c = ((a – b)/b)) (%)		**49.4**	**16.9**	**(c)**

Share total return	Page	31 August 2021	31 August 2020	
Closing share price (pence)	83	692.00	447.00	
Add back interim and final dividends (pence)	82	6.15	5.85	
Effect of dividend reinvestment (pence)		2.84	1.26	
Adjusted closing share price (pence)		700.99	454.11	(a)
Opening share price (pence)	83	447.00	385.00	(b)
Share price performance (c = ((a – b)/b)) (%)		**56.8**	**18.0**	**(c)**

Net asset value per share (Capital only NAV)*

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

As at 31 August 2021, equity shareholders' funds less the current year net revenue return (after interim dividends) amounted to £649,676,000 (31 August 2020: £383,561,000) and there were 96,055,411 (31 August 2020: 84,323,101) ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 676.36p (31 August 2020: 454.87p).

Equity shareholders' funds (excluding current period revenue) of £649,676,000 (31 August 2020: £383,561,000) are calculated by deducting from the Company's net assets (£651,731,000) (31 August 2020: £387,861,000) its current period revenue (£3,595,000) (31 August 2020: £5,776,000) and adding back the interim dividends (£1,540,000) (31 August 2020: £1,476,000) paid.

Net asset value per share (Cum income NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing 'equity shareholders' funds' by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 31 August 2021, equity shareholders' funds were worth £651,731,000 (31 August 2020: £387,861,000) and there were 96,055,411 (31 August 2020: 84,323,101) ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 678.49 (31 August 2020: 459.97) pence per ordinary share (please see note 9 of the financial statements for the audited inputs to the calculations).

* Alternative performance measures.

Glossary
continued

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

Ongoing charges ratio*

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

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

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

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

Ongoing charges calculation	**Page**	**31 August 2021 £'000**	**31 August 2020 £'000**	
Management fee	79	4,156	2,925	
Other operating expenses	80	787	566	
Total management fee and other operating expenses		4,943	3,491	(a)
Average daily net assets in the year		482,454	344,397	(b)
Ongoing charges (c = a/b)		**1.02%**	**1.01%**	**(c)**

Quoted securities and unquoted securities
Quoted securities are securities that trade on an exchange for which there is a publicly quoted price.

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

Reference Index
The Company's reference index, used for performance comparative purposes only is the FTSE World Europe ex UK Index.

Reference index outperformance/underperformance is measured by comparing the Company's net asset value return (NAV) total return, with the performance of the reference index on a total return basis.

As at 31 August 2021, the Company's NAV total return was 49.4% (31 August 2020: 16.9%) and the total return of the reference index was 27.4% (31 August 2020: 0.7%), therefore the Company's outperformance of the reference index was 22.0% (31 August 2020: 16.2%).

Revenue profit and revenue reserves
Revenue profit is the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Company. Revenue reserves is the undistributed income that the Company keeps as reserves.

Investment trusts do not have to distribute all the income they generate, after expenses. They may retain up to 15% of revenue generated which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

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

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

	31 August 2021	**31 August 2020**	
Interim and final dividends paid/ payable	6.30	6.15	(a)
Ordinary share price (pence)	692.00	447.00	(b)
Yield c = (a/b) (%)	**0.9**	**1.4**	**(c)**

* Alternative performance measures.

Contents

Contents

Annual general meeting

Dental implant manufacturer Straumann traded strongly during the period under review. We believe the company has significant potential to grow market share in China.

Notice of annual general meeting

Notice is hereby given that the seventeenth Annual General Meeting of BlackRock Greater Europe Investment Trust plc will be held at 12 Throgmorton Avenue, London EC2N 2DL on Thursday, 9 December 2021 at 12.00 noon to consider and, if thought fit, pass Resolutions 1 to 10 inclusive as ordinary resolutions and Resolutions 11 to 14 as special resolutions.

More information in respect of the contribution of each Director to support their re-election is given in the Directors' Report on pages 45 and 46.

Ordinary business

1. To receive the report of the Directors and the financial statements for the year ended 31 August 2021, together with the report of the auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 August 2021, excluding the remuneration policy of the Company.

3. To declare a final dividend for the year ended 31 August 2021 of 4.55p for each ordinary share in the capital of the Company.

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

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

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

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

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

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

Special business

Ordinary resolution

10. That, in substitution for all existing authorities, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot relevant securities in the Company (as described in that section) up to an aggregate nominal amount of £9,845 (being 10% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) provided that this authority shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2022, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

Special resolutions

11. That, in substitution for all existing authorities and subject to the passing of the resolution numbered 10, the Directors of the Company be and are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the Act) to:

    (a) allot up to 9,845,541 ordinary shares of 0.1p each in the Company (Ordinary Shares) with a maximum nominal amount of £9,845 (representing 10% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) at a premium to the most recently published net asset value per Ordinary Share prior to such allotment; and

    (b) resell up to 9,845,541 Ordinary Shares with a maximum nominal amount of £9,845 (representing 10% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) held by the Company in treasury (and, for the purposes of LR 15.4.11 R of the Listing Rules of the UK Listing Authority, such Ordinary Shares being permitted to be sold or transferred out of treasury for cash at a price which represents a premium to the most recently published net asset value per Ordinary Share prior to such sale);

    in each case wholly for cash as if Section 561(1) of the Act did not apply to any such allotment or sale provided that this power shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2022, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot such Ordinary Shares pursuant to any such offer or agreement as if the power conferred hereby had not expired.

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

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 14,758,466 or, if less, that number of Ordinary Shares which is equal to 14.99% of the Company's issued ordinary share capital (excluding treasury shares) as at 9 December 2021;

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

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

(d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2022 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry.

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

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

(ii) cancelled immediately upon completion of the purchase.

13. That, in addition to the authority given to the Company to purchase its own shares pursuant to the resolution numbered 12 above and in accordance with the terms and conditions of the Company's regular tender offers, the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of Section 693 of the Act) of its ordinary shares of 0.1p each (Ordinary Shares), provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 19,691,082 or, if less, that number of Ordinary Shares which is equal to 20% of the Ordinary Shares in issue as at 31 May 2022 (excluding any Ordinary Shares held in treasury);

(b) the price which may be paid for an Ordinary Share shall be an amount equal to 98% of the net asset value per Ordinary Share (calculated on a fully diluted basis) as at 31 May 2022; and

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

14. That, in addition to the authority given to the Company to purchase its own shares pursuant to the resolutions numbered 12 and 13 above and in accordance with the terms and conditions of the Company's regular tender offers, the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of Section 693 of the Act) of its ordinary shares of 0.1p each (Ordinary Shares), provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 19,691,082 or, if less, that number of Ordinary Shares which is equal to 20% of the Ordinary Shares in issue as at 30 November 2022 (excluding any Ordinary Shares held in treasury);

(b) the price which may be paid for an Ordinary Share shall be an amount equal to 98% of the net asset value per Ordinary Share (calculated on a fully diluted basis) as at 30 November 2022; and

(c) the authority hereby conferred shall expire on 31 January 2023 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
4 November 2021

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Notice of annual general meeting

continued

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
2. To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions thereon as soon as possible and in any event by not later than 12.00 noon on 7 December 2021. Amended instructions must also be received by the Company's registrar by the deadline for receipt of Forms of Proxy. Alternatively, you can vote or appoint a proxy electronically by visiting eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the Form of Proxy. The latest time for the submission of proxy votes electronically is 12.00 noon on 7 December 2021.
3. Proxymity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.00 noon on 7 December 2021 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
4. Completion and return of the Form of Proxy will not prevent you from attending the meeting and voting in person.
5. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
6. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
9. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's Registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
10. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
12. Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under Section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

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

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

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

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

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

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

16. As at 4 November 2021 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital comprised 98,455,411 ordinary shares of 0.1p each, excluding shares held in treasury. Each ordinary share carries the right to one vote and therefore the total number of voting rights in the Company as at 4 November 2021 is 98,455,411.

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

Share fraud warning

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

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

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

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

Report a scam

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

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

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

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

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Contents

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