Contents

BlackRock

BlackRock Greater Europe Investment Trust plc

Annual Report and Financial Statements 31 August 2022

Keeping in touch

We know how important it is to receive up-to-date information about the Company. To ensure that you are kept abreast, please scan the QR code to the right of this page to visit our website. If you have a smartphone, you can activate the QR code by opening the camera on your device and pointing it at the QR code. This will then open a link to the relevant section on the Company's website. By visiting our website, you will have the opportunity to sign up to our monthly newsletter which includes our latest factsheets, market commentary, as well as upcoming events and webinars. Information about how we process personal data is contained in our privacy policy available on our website.

General enquiries about the Company should be directed to the Company Secretary at: cosec@blackrock.com

Use this QR code to take you to the Company's website where you can sign up to monthly insights and factsheets.

Financial highlights

456.00p[1]
Ordinary share price
-33.4%[2,3]

475.72p
NAV per ordinary share
-29.2%[2,3]

£483.8m
Net assets

6.60p
Total dividends
+4.8%

1.4%[3,4]
Yield

FIT AJBell Awards 2022
EUROPEAN EQUITY - ACTIVE

The above financial highlights are at 31 August 2022 and percentage comparisons are year-on-year against 31 August 2021.

1 Mid-market.
2 Performance figures are calculated in Sterling terms with dividends reinvested.
3 Alternative Performance Measures, see Glossary on pages 114 to 116.
4 Based on dividends paid and declared for the year ended 31 August 2022 and share price as at 31 August 2022.

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 the best 30-45 investment ideas.

Long-term focus

Looking through the daily noise which impacts the market for the best long-term opportunities. We wish to be an investor in companies, not a trader 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. They work closely with our partners in the BlackRock Risk and Quantitative Analysis team 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

Contents

Cover: Nyhaven, Copenhagen, Denmark.
Insider cover: Warsaw, Poland.

Contents

Performance record

	As at 31 August 2022	As at 31 August 2021
Net assets (£'000)[1]	483,799	651,731
Net asset value per ordinary share (pence)	475.72	678.49
Ordinary share price (mid-market) (pence)	456.00	692.00
(Discount)/premium to cum income net asset value[2]	(4.1%)	2.0%
FTSE World Europe ex UK Index	1654.61	1869.96

	For the year ended 31 August 2022	For the year ended 31 August 2021
Performance (with dividends reinvested)		
Net asset value per share[2]	-29.2%	49.4%
Ordinary share price[2]	-33.4%	56.8%
FTSE World Europe ex UK Index	-11.5%	27.4%

	For the year ended 31 August 2022	For the year ended 31 August 2021	Change %
Revenue			
Net profit on ordinary activities after taxation (£'000)	7,728	3,595	115.0
Revenue earnings per ordinary share (pence)	7.65	4.13	85.2
Dividends (pence)			
Interim dividend	1.75	1.75	-
Final dividend	4.85	4.55	6.6
Total dividends paid/payable	**6.60**	**6.30**	**4.8**

Performance over the ten years to 31 August 2022

Sources: BlackRock and Datastream.
Performance with dividends reinvested in Sterling terms, rebased to 100 at 1 September 2012.

[1] The change in net assets reflects proceeds from share issuance, payments for shares repurchased into treasury, market movements and dividends paid.
[2] Alternative Performance Measures, see Glossary on pages 114 to 116.

Chairman's Statement

Dear Shareholder

Eric Sanderson
Chairman

Introduction

The past year has been quite an extraordinary one for world markets as a whole, largely as a result of the Russian invasion of Ukraine. This has had a very pronounced impact on energy and food prices and has driven the already ongoing rotation from growth stocks to value stocks. It has had a material adverse short-term impact on the value of our portfolio. However, the longer-term performance of our portfolio remains strong.

Market overview

European markets have faced a challenging environment during the Company's financial year, dominated by significant geo-political uncertainty and heightened market volatility. Following the COVID-19 pandemic, supply side bottlenecks and rising prices have been further stressed by the tragic and devastating events following Russia's invasion of Ukraine. Food supplies and energy needs affected by the disruption have become key concerns. For Europe, the main issue is how to keep a steady supply of oil and gas and a cap on prices to sustain the region given that most European countries are net importers with much of the energy coming from Russia.

A long period of steady growth and low inflation appears to be over, as central banks continue to raise interest rates to contain inflation. High inflation is due to many different factors including the rising cost of food and high energy prices, surging household demand in response to the loose fiscal and monetary policies following COVID-19, as well as supply-chain shortages due to the pandemic.

Performance

In the year under review, the Company's net asset value per share (NAV) decreased by 29.2%, significantly underperforming the FTSE World Europe ex UK Index (the reference index), which fell by 11.5%. Some of this underperformance was directly attributable to the write down of our holdings in Russian stocks which were 6.1% of the Company's net assets as at 31 January 2022. The Company's share price decreased by 33.4% over the same period (all percentages calculated in Sterling terms with dividends reinvested). The wide disparity versus the reference index return reflects the Portfolio Managers' views of backing their convictions over the longer term, whilst seeing through short-term market turbulence. More details on the portfolio's performance, its positioning and the significant contributors and detractors during the year are given in the Investment Manager's Report on pages 9 to 12.

European equities continue to trade at a discount to global peers, providing attractive investment opportunities for our Portfolio Managers.

Since the financial year end and up to close of business on 31 October 2022, the Company's NAV has decreased by 1.4% compared with a fall in the FTSE World Europe ex UK Index of 0.8% over the same period.

Revenue earnings and dividends

Your Company's total revenues each year are a reflection of the dividends we receive from portfolio companies. The revenue return per share for the year ended 31 August 2022 amounted to 7.65p per share, which compares with 4.13p per share for the previous year, a rise of 85.2%. This is mainly due to a significant increase in special dividends received by the Company in the current period and the lower level of dividends received in the year to 31 August 2021, as the COVID-19 pandemic hit portfolio companies' revenue streams.

In April, the Board declared an interim dividend of 1.75p per share (2021: 1.75p) and the Board is proposing the payment of a final dividend of 4.85p per share for the year (2021: 4.55p). This, together with the interim dividend, makes a total dividend for the year of 6.60p per share (2021: 6.30p), an increase of 4.8%. The dividend will be funded from revenue received in the year. Subject to shareholder approval, the dividend will be paid on 16 December 2022 to shareholders on the Company's register on 18 November 2022, the ex-dividend date being 17 November 2022.

Discount/premium

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.

Over the year to 31 August 2022, the Company's shares have traded at an average discount of 1.4% and within a range of an 8.8% discount to a 4.1% premium. The Company allotted 4,300,000 new ordinary shares and reissued 1,945,000 ordinary shares from treasury at an average premium over NAV of 2.0%, at an average price of 681.34p per share for a net consideration of £42,550,000. In addition, the Company purchased 601,558 ordinary shares at an average price of 467.45p per share and an average discount of 5.5% for a total cost of £2,812,000. Since the year end up to 3 November 2022, a further 698,692 ordinary shares have been bought back at an average price of 431.66p per share for a total cost of £3,016,000. All shares have been placed in treasury.

As reported in the Half Yearly Financial Report, the Directors exercised their discretion not to operate the half yearly tender offers in November 2021 and May 2022. It was also announced on 20 September 2022 that the Board had decided not to implement a semi-annual tender offer in November 2022. Over the six-month period to 31 August 2022, the average discount to NAV (cum income) was 4.5%. The Board therefore concluded that it was not in the interests of shareholders, as a whole, to implement the latest semi-annual tender offer.

Shareholder communication

We appreciate how important access to regular information is to our shareholders. To supplement our website, we offer shareholders the ability to sign up to the Trust Matters newsletter which includes information on the Company, as well as news, views and insights. Further information on how to sign up is included on the inside cover of this report.

Outlook

European equity markets have faced a confluence of challenging and rapidly evolving factors so far this year and global macroeconomic fundamentals continue to deteriorate, with the prospect of developed markets edging closer to recession. In Europe, inflation is being acutely felt as the Russia-Ukraine conflict has pushed gas prices to new highs, triggering a cost of living crisis. The tragic war in Ukraine is also likely to be protracted, with no immediate peaceful solution in sight, but we should not underestimate the strengthened unity in Europe in the face of Russia's aggression.

Investors are contending with multiple headwinds in Europe. In light of the war in Ukraine, the situation in Russia remains unclear and our holdings in Russian stocks have been written down to a nominal value. Nonetheless, European equities continue to trade at a discount to global peers, providing attractive investment opportunities for our Portfolio Managers. The Company's portfolio is also weighted towards companies with well capitalised balance sheets and exceptional businesses that are able to adapt to the shifting market dynamics.

Management fees

Your Board has reviewed the level of fees paid to your Manager and considers these to be high relative to market levels. We have engaged with the Manager on this and discussions are currently taking place.

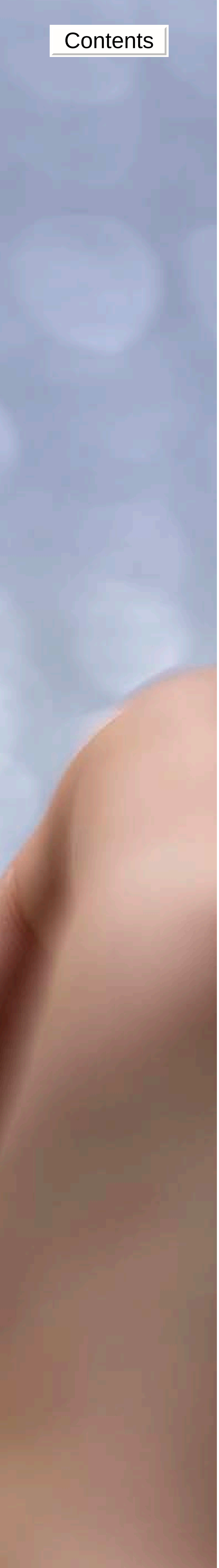
Annual General Meeting (AGM)

The AGM of the Company will be held at 12 Throgmorton Avenue, London EC2N 2DL on Thursday, 8 December 2022 at 12 noon. Details of the business of the meeting are set out in the Notice of Annual General Meeting on pages 120 to 123 of this Annual Report.

UK Government restrictions on public gatherings are no longer in force in connection with COVID-19 and we therefore intend to hold the AGM in the normal way with physical attendance by shareholders. However, shareholders should be aware that it is possible that restrictions could be reimposed prior to the date of the AGM. BlackRock requests that shareholders intending to attend should comply with their COVID-19 safety protocols before entering the venue. At the time of writing, visitors are not permitted in BlackRock's offices if they have tested positive for COVID-19 in the past 10 days, are experiencing COVID-19 related symptoms, or are subject to government requirements for self-isolation or quarantine.

Eric Sanderson
Chairman
3 November 2022

Contents



Investment Manager's Report

Stefan Gries

Sam Vecht

Overview

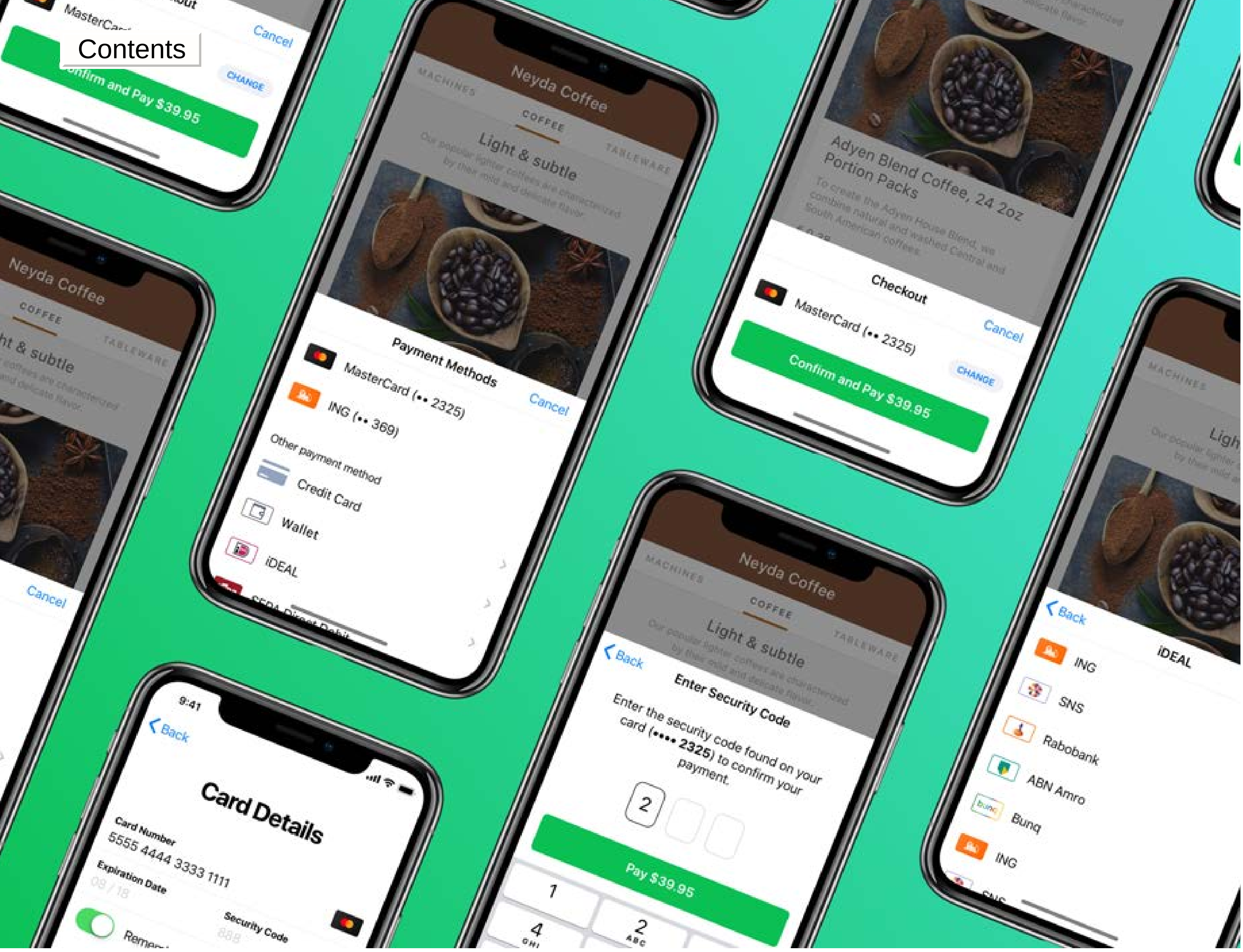
The Company's performance was negative over the year as the share price decreased by 33.4% and the underlying NAV decreased by 29.2% in the twelve months to 31 August 2022. By way of comparison, the FTSE World Europe ex UK Index fell by 11.5% over the same period (all percentages calculated in Sterling terms with dividends reinvested).

The period under review, particularly from the start of 2022, turned out quite differently from what many market participants, including ourselves, had expected. Our market outlook for 2022 assumed gradual normalisation of growth in earnings post the strong recovery in 2020 and most of 2021 and with that an easing of supply chain disruptions and inflation numbers softening. European markets were instead hit by a perfect storm as the natural ebbing of the economy was compounded by continued COVID-19 restrictions in China, stubborn supply chain difficulties and the war in Ukraine inducing a new source of inflation into the global system.

Equity investors had to come to grips with a significant change in monetary policy. To put the scale of those changes in monetary policy into some context, we would point to the fact that as recently as June 2021 the Federal Reserve (the Fed) was not expected to move interest rates until the second half of 2024. At the time of writing, the Fed has aggressively raised rates five times with Fed fund rates now priced to finish 2022 at 4.4%, a move of historic dimensions in both pace and scale. The European Central Bank is following suit with the Euro area interest rate projected to trend around 3.5% in 2023 and 2.75% in 2024.

One of two dominant players in the global diabetes market, Novo Nordisk was the portfolio's top performer during the period under review and our largest holding at year end. We have owned the shares since 2017.

PHOTO COURTESY OF NOVO NORDISK



We believe electronic payment specialist Adyen remains a business with significant long-term potential. The company recently reported 60% volume growth year-on-year.

PHOTO COURTESY OF ADYEN

These factors led to a sharp market sell-off, with broad-based indices like the Euro Stoxx 600 down by 20% from January to the end of August 2022. Investors also had to contend with an extreme skew of return distributions within the market: of 20 industry groups, only energy posted positive returns over the period. In this environment, style characteristics have been a far more important component for the outcome of single stocks over the year than their own fundamentals.

This extreme change in market leadership disproportionately penalised portfolios which focus on owning higher quality companies offering attractive growth and high returns. In previous annual reports, we repeatedly pointed out that market volatility can often serve as a test of an investors' investment philosophy. Our approach to constructing portfolios is resolutely fundamental from the bottom-up.

While our approach absolutely involves being macro aware, we ultimately seek to identify end markets and income streams that allow us to own best in class operators that are set to benefit from structural demand trends on a multi-year basis. With this in mind, we aim to identify 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.

Our target holding period is three to five years and even in a tumultuous year like the one under review, portfolio turnover only amounted to 20%, very much consistent with this stated target. This is based on the belief that the recipe for creating wealth through investing is relatively simple: it requires a combination of high returns, growth and time.

Too often, one observes investors not allowing the management teams of portfolio companies sufficient time to deliver on the strategies that they have carefully laid out. Our approach is different in the sense that once we have identified a winning franchise, we aim to run large positions and continue to own a business for as long as the fundamentals continue to support our view of the superior earnings power of that company. Understandably, this can be painful over shorter time periods, yet there was no doubt in our mind that running a low turnover strategy with a relatively concentrated portfolio would experience periodic performance drawdowns from time to time.

Portfolio

In a difficult year, there were three main drivers of underperformance. Firstly, Russian companies held as part of our Emerging Europe allocation. Secondly, companies with long duration income streams where business fundamentals remain intact but share prices were, in our view, punished disproportionately as interest rates rose. Thirdly, a smaller group of companies where our assessment of the business fundamentals was incorrect.

Coming first to Russia, the Company has since inception invested a portion of its assets in Emerging European markets, with Russia forming a significant part of this. This allocation has in the past offered access to fast growing markets at low valuations and hence a differentiated source of capital appreciation. Following the Russian invasion of Ukraine in February, BlackRock's Pricing Committee wrote down the value of Russian securities across all portfolios. As of 31 January 2022, the Company held 6.1% of its net assets in Russian companies, all of which are now valued at nil. Whilst there likely remains some intrinsic value in these businesses, it is difficult to see how this could be realised.

In considering the second group of companies, we found that the negative share price returns were driven by a change in the valuation multiple ascribed to future profits rather than any expectation that those profits will fail to materialise. On the contrary, the operational performance of these businesses remains strong, meeting or surpassing market expectations and in many cases we believe their competitive positions are strengthening rather than weakening. Thus, in our view share prices have become disconnected from fundamentals.

Lonza is a prime example with the share price having fallen by close to 25% in the year to date. The Swiss company is a global leader in contract manufacturing of high-end biological drugs, as well as in fast growing and emerging areas such as cell and gene therapy. Its barriers to entry are wide ranging and include manufacturing expertise, its ability to spend on capital expenditure to build new capacity, and customer relationships with manufacturers written into the drug filings with regulators. We expect Lonza's biologics business, which is the highest margin part of the group, to remain the growth engine at mid-teens for the midterm. Impressively, any incremental capacity they build earns returns on invested capital of close to 30% in our estimation. Lonza's global production capacity is sold out for the next four years, which is not only giving the company real pricing power but also provides strong visibility on its earnings trajectory overall. Whilst Lonza's share price has been disappointing over the past year, we believe that the company's potential to outgrow the market over time remains highly promising.

Similarly, Dutch payment company **Adyen**, down over 40% over the last year, suffered a sell-off in line with other tech names, which investors sold with the rise of interest rates globally. In our view this short-term reaction by the market is ignoring the long-term potential of the business. Its best-in-class payment platform has taken the lucrative payment processing industry by storm. Adyen smoothly integrates the full payments stack – gateway, risk management, processing, issuing, acquiring and settlement – on a single platform and does that via multiple sales channels (online, mobile and offline channels) and via different currencies. For merchants, Adyen's modern platform is straightforward to onboard and with its unified technology platform it provides a cost and product capability advantage. Due to its global reach, some of the world's largest merchants use Adyen. The vast majority of revenues currently come from North America and Europe, but we see potential for geographical as well as mid-market expansion in years to come. The company recently reported 60% volume growth, with revenues and profits also seeing healthy improvements year-on-year. Some 80% of their revenue growth has been coming from existing clients and alongside this they have acquired new high-quality clients which themselves are growing faster than the industry overall.

In contrast to the cases above, our investment in **NetCompany** is an example of an investment where the fundamentals deteriorated and is a good example of us not 'falling in love' with a stock. A key element of our process is the constant reassessment of existing portfolio holdings, seeking to gain deeper and deeper insights and being prepared to change our assessment should the fundamentals require us to do so. NetCompany, once one of the Company's high conviction ideas, saw a significant change after the company announced the acquisition of Intrasoft. Our original attraction to the company was based on the entrepreneurial founder-led culture and positioning in specific markets in the Nordics, the UK and the Netherlands. The acquisition brought a lot of exposure to other geographies in Europe and we felt NetCompany would have difficultly integrating this new business due to its size and operational complexity. In our view, the deal was growth and margin dilutive as Intrasoft grew 5% to 10% in previous years compared to 20% for NetCompany and was operating at much lower margins. Unlike smaller acquisitions they had done in the past, we took the view management would struggle to integrate Intrasoft successfully given its size. After initially reducing our position size, we exited the position as evidence of deteriorating operational performance came through.

More positive to see are some of our high conviction names that performed well over the period despite the extreme market volatility. Worth highlighting is a position in diabetes specialist **Novo Nordisk** which was the top performer over the period. We have owned the shares since 2017 and have grown with the company over the years. Novo Nordisk is one of two dominant players in the global diabetes market, while also offering attractive exposure to the nascent obesity drug market, which in combination leaves this business in a sweet spot with attractive growth for the next few years driven by the continued launch of Ozempic (injectable GLP-1, diabetes drug) as well as roll out of Rybelsus (oral GLP-1, Rybelsus) and Wegovy (injectable GLP-1, obesity treatment). In addition, there should also be a steady flow of pipeline readouts over the coming years (e.g.

haemophilia, long acting insulin, more in diabetes and obesity) to support the investment case.

Other great examples of well-run companies with impressive brand management and pricing power are **Hermès** and **LVMH**, both amongst the top performers and both companies we would classify as 'European royalty'. It takes Hermès close to five years to train their craftspeople to build the various different handbags and leather goods by hand and the company enjoys up to four year waiting lists of their iconic handbags like the Birkin bag, leaving demand far outweighing supply. Hermès is a largely family-owned business and has been run in a conservative fashion for generations with strategic decisions taken with the longest of timeframes in mind. There is also a degree of resilience in a downturn as Hermès' client base typically is less sensitive to weaker economic environments, exemplified by organic growth staying positive throughout the 2008/2009 financial crisis.

Outlook

The macroeconomic environment may remain uncertain over the coming months given heightened geopolitical tensions and sticky inflation forcing central banks to tighten into slowing economies. As clients frequently ask us where and when interest rates will peak, we admit to having no strong views on this topic. What seems more certain is that powerful structural trends will continue to underpin the earnings of some of the world's leading businesses which call Europe home. Current concerns about energy security have accelerated the need to decarbonise the global economy and we still believe that a number of portfolio holdings will be long-term beneficiaries. Linked to this, we continue to believe in the large potential profit pools available as a result of the electrification of transportation where a number of portfolio companies in the technology sector act as enablers of that shift from combustion engine cars to electric vehicles. Advances in health care and life sciences will continue to drive product innovation and the specialisation of complex production processes, all areas where Europe is well positioned. Importantly, these powerful changes are unlikely to be disrupted or stopped by higher interest rates.

More generally, when looking at the health of the corporate sector, we find corporate balance sheets in decent shape and in much better positions than in previous downturns. Corporates have spent the last decade deleveraging balance sheets and interest coverage is significantly higher than during the Global Financial Crisis or other prior periods associated with deep recessions or prolonged bear markets. Corporate spending intentions also remain healthy and this spend is often linked to transformational capital expenditure in areas like digitalisation, re-shoring of supply chains or the energy transition, again benefiting many of our portfolio holdings.

Likewise, the consumer seems in a better position than sentiment would currently suggest. Employment is at record highs, wages are well-supported and households' higher-than-average savings should provide some cushion for the squeeze on disposable incomes that is undoubtedly occurring right now. With the help of our in-house data scientists, we closely monitor developments around consumer spending.

This year's performance should be seen in the context of having delivered cumulative outperformance relative to the market of 10% and 26% over three and five years, respectively, as at the end of August 2022. We remain of the view that over the medium to longer term, this Company and the businesses it owns can make a real difference for clients and nothing we have seen this year has changed that assessment.

Despite the painful impact from short-term market moves that we have suffered from over the past year, we are convinced that over the medium and long term, share prices are driven by growth in earnings and dividends. Hence, for the long-term investor, volatility like experienced recently, creates opportunities to buy assets that have the potential to create significant amounts of shareholder value at much lower valuations. We would encourage investors to think like owners in businesses rather than traders of shares, as there is no doubt in our minds that this will deliver the strongest returns over time.

Finally, as 2022 is drawing to a close, we observe extremely bearish sentiment and positioning towards European equities, leaving the market, as well as many of the best-in-class companies we own, trading at highly depressed valuations not seen in years. While taking a measured approach to adding risk to the portfolio appears prudent for now, we are also cognisant of Warren Buffett's old adage 'to be greedy when others are fearful'. It certainly feels like fear is abundant right now when history has proven time and again that capitalism and human ingenuity finds answers to what appear to be insurmountable problems. Here is to 2023 turning out more profitably than currently forecast by some. We are absolutely intent on capitalising on opportunities that may be presented in European equities by keeping a positive mindset and a firm view on the medium to long-term income streams underwriting our investments.

Stefan Gries and Sam Vecht
BlackRock Investment Management (UK) Limited
3 November 2022

Contents

Portfolio

Luxury goods multinational LVMH Moët Hennessy was a notable performer during the year under review. Its Louis Vuitton and Christian Dior brands generate two-thirds of group operating profit.

Investment process and philosophy

Investment objective and strategy

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 financially 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:

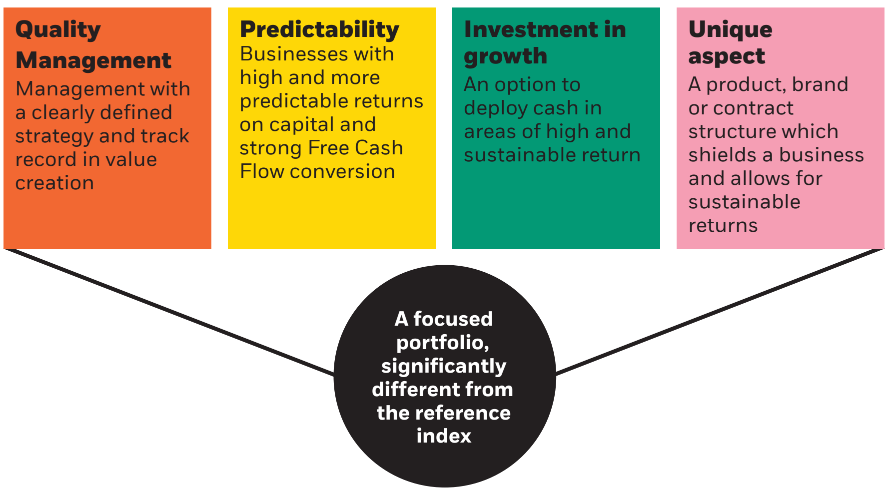
- **Quality management:** a company which has a clearly defined strategy, which can be articulated by management, and a strong track record of value creation.
- **High and predictable return on capital with strong free cash flow conversion:** high-quality earnings which are backed by cash and where there is good visibility on the business trajectory.
- **Investment in growth:** 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. He is also involved in decision making around the gearing of the portfolio which we use to enhance returns.

Investment process

The Company invests mostly in European large and mid-cap securities with a market capitalisation in excess of €5 billion 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 the integration of Environmental, Social and Governance (ESG) considerations are an important 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:

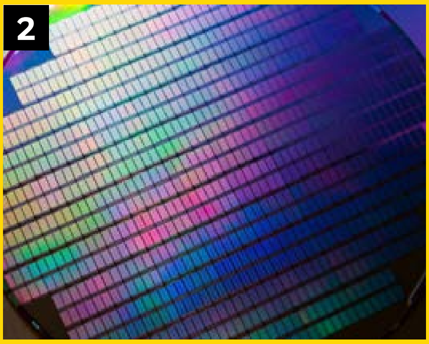
1. **Idea generation:** this primarily derives from meeting companies, their suppliers, competitors and customers. We also meet industry experts and use internal and external data and resources to ensure there is a continuous pipeline of new ideas. This pipeline is managed by our co-heads of research 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:** analysts present 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 each 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 in this section to 'us' and 'we' are to the Portfolio Managers and/or the Investment Manager (as applicable).



PHOTOS COURTESY OF NOVO NORDISK, LONZA GROUP, DSV PANALPINA, ROYAL UNIBREW, SIKA, IMCD.

Ten largest investments

The Company's ten largest investments represented 53.7% of the Company's portfolio as at 31 August 2022 (31 August 2021: 46.7%).

1 ▲ Novo Nordisk (2021: 6th)

Health care company

Market value: £40,152,000
Share of investments: 8.4%

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, which came to the market last year. 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.

2 ▼ ASML (2021: 1st)

Technology company

Market value: £35,170,000
Share of investments: 7.4%

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.

Ten largest investments

continued

3 ▲ LVMH (2021: n/a)

Consumer Discretionary company

Market value: £33,904,000
Share of investments: 7.1%

A French multinational holding corporation specialising in luxury goods. The group has a strong and well-diversified portfolio of luxury brands ranging from handbags to spirits to cosmetics. LVMH's business model enjoys high barriers to entry due to the heritage, provenance and exquisite quality of its product offering. Its consistent brand investment through economic cycles has helped to spur brand desirability and allowed for significant pricing power. LVMH's management team also has an impressive track record of taking over struggling brands and accelerating their growth and returns profile over time.

4 ▲ RELX (2021: 7th)

Consumer Discretionary company

Market value: £28,542,000
Share of investments: 6.0%

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.

5 ▼ Lonza Group (2021: 2nd)

Health Care company

Market value: £25,810,000
Share of investments: 5.4%

A Swiss health care services and life-sciences company which has established itself as one of the leading contract manufacturers of high-end biological drugs, as well as cell and gene therapy. The company'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 Food and Drug Administration. Overall, we expect the company'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.

6 ▼ DSV Panalpina (2021: 5th)

Industrials company

Market value: £23,697,000
Share of investments: 5.0%

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.

7 ▲ Royal Unibrew (2021: 8th)

Consumer Staples company

Market value: £18,465,000
Share of investments: 3.9%

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

8 ▼ Sika (2021: 3rd)

Industrials company

Market value: £17,276,000
Share of investments: 3.6%

A specialty chemical company with a leading position in both construction chemicals and in bonding agents for the automotive industry. The company 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. The company's decentralised structure of subsidiaries and strong culture of new product innovation continues to drive pricing power.

9 ▲ Hermès (2021: 15th)

Consumer Discretionary company

Market value: £17,083,000
Share of investments: 3.6%

A French luxury design house established in 1837. It specialises in leather goods, lifestyle accessories, home furnishings, perfumery, jewellery, watches and ready-to-wear. Due to deliberate brand management and craftsmanship, this ultimate high-end brand is supply constraint and enjoys strong earnings visibility given some of its most iconic products are sold on allocation via waiting lists. Hermès is a largely family-owned business and has been run in a conservative fashion for generations with any strategic decisions taken with the longest of time frames in mind. This business should prove resilient also during economic downturns as Hermès' client base is typically less sensitive to weaker macro environments.

10 ▲ IMCD (2021: 12th)

Basic Materials company

Market value: £16,003,000
Share of investments: 3.3%

A Dutch distributor of specialty chemicals and ingredients. The company is one of the largest pure play global specialty chemical distributors with a strong geographic footprint in Europe and North America and a growing presence in Asia Pacific and Latin America. Management has a strong track record on execution and delivering on value enhancing acquisitions. A combination of above average levels of growth from a diverse range of end markets and an asset light model should generate attractive returns for equity holders.

All percentages reflect the value of the holding as a percentage of total investments.

Investments

as at 31 August 2022

	Country of operation	Market value £'000	% of investments
Industrials			
DSV Panalpina	Denmark	23,697	5.0
Sika	Switzerland	17,276	3.6
Safran	France	14,344	3.0
Adyen	Netherlands	12,480	2.6
Atlas Copco	Sweden	8,438	1.8
Epiroc	Sweden	7,243	1.5
Rational	Germany	5,772	1.2
ALD	France	5,641	1.2
Kingspan	Ireland	5,495	1.2
VAT Group	Switzerland	3,789	0.8
		104,175	**21.9**
Health Care			
Novo Nordisk	Denmark	40,152	8.4
Lonza Group	Switzerland	25,810	5.4
ChemoMetec	Denmark	14,545	3.0
DiaSorin	Italy	8,362	1.8
Straumann	Switzerland	8,246	1.7
PolyPeptide Group	Switzerland	4,933	1.0
		102,048	**21.3**
Consumer Discretionary			
LVMH	France	33,904	7.1
RELX	United Kingdom	28,542	6.0
Hermès	France	17,083	3.6
Ferrari	Italy	13,615	2.8
Ozon Holdings*	Russia	2	–
Fix Price Group*	Russia	–	–
		93,146	**19.5**
Technology			
ASML	Netherlands	35,170	7.4
Amadeus IT Group	Spain	11,768	2.5
BE Semiconductor	Netherlands	10,735	2.2
Hexagon	Sweden	10,584	2.2
ASM International	Netherlands	7,115	1.5
		75,372	**15.8**
Financials			
KBC Groep	Belgium	12,531	2.6
Partners Group	Switzerland	9,523	2.0
National Bank of Greece	Greece	8,566	1.8
FinecoBank	Italy	7,695	1.6
Bank Pekao	Poland	7,520	1.6
Allfunds Group	United Kingdom	5,446	1.1
Avanza Bank Holding	Sweden	4,838	1.0
Sberbank*	Russia	1	–
		56,120	**11.7**

Investments

continued

	Country of operation	Market value £'000	% of investments
Consumer Staples			
Royal Unibrew	Denmark	18,465	3.9
Lindt	Switzerland	12,487	2.6
		30,952	**6.5**
Basic Materials			
IMCD	Netherlands	16,003	3.3
		16,003	**3.3**
Energy			
Lukoil*	Russia	–	–
		–	**–**
Total investments		**477,816**	**100.0**

* The investments in Ozon Holdings, Fix Price Group, Sberbank and Lukoil have been valued at a nominal value of £0.01 as secondary listings of the depositary receipts on Russian companies have been suspended from trading.

All investments are in ordinary shares unless otherwise stated. The total number of investments held at 31 August 2022 was 39 (31 August 2021: 44).

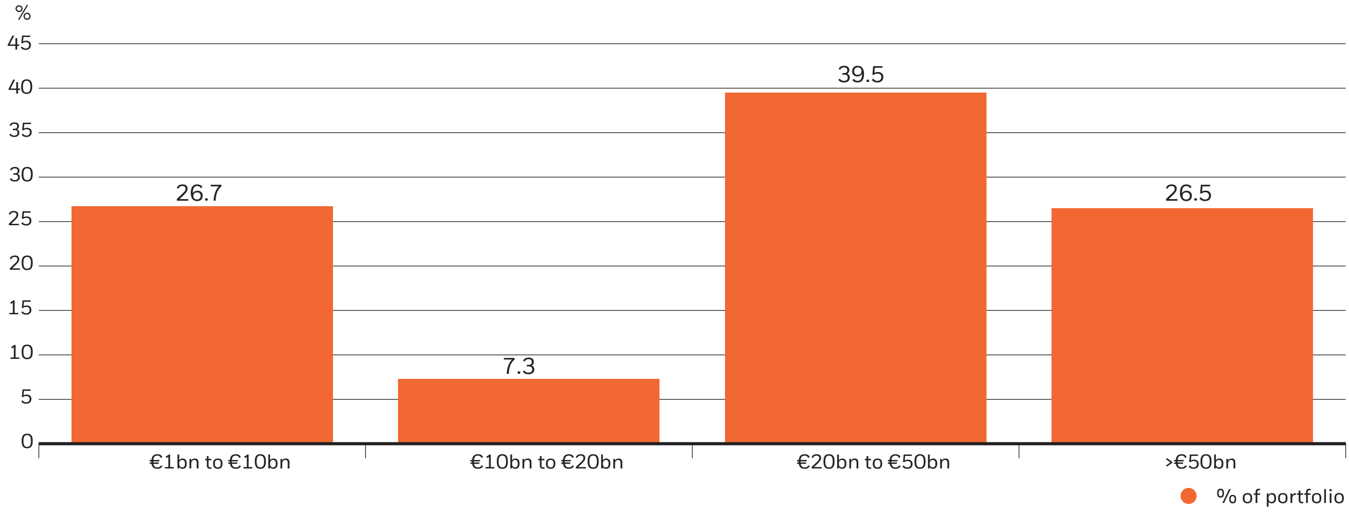
Industry classifications in the table above are based on the Industrial Classification Benchmark standard for categorisation of companies by industry and sector.

As at 31 August 2022, the Company did not hold any equity interests comprising more than 3% of any company's share capital.

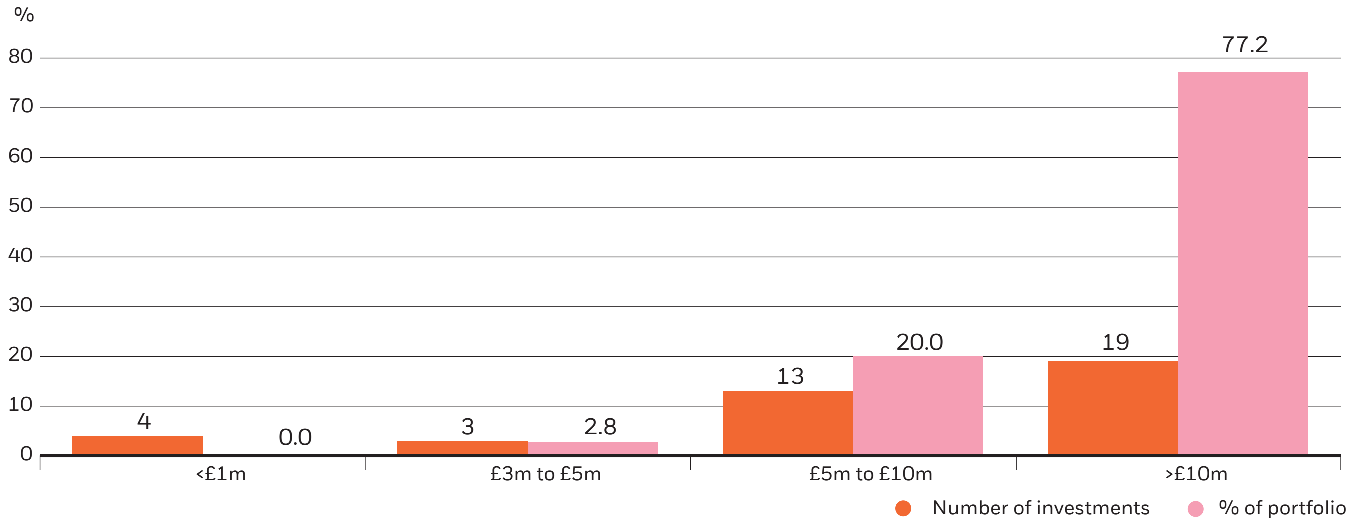
Investment exposure

as at 31 August 2022

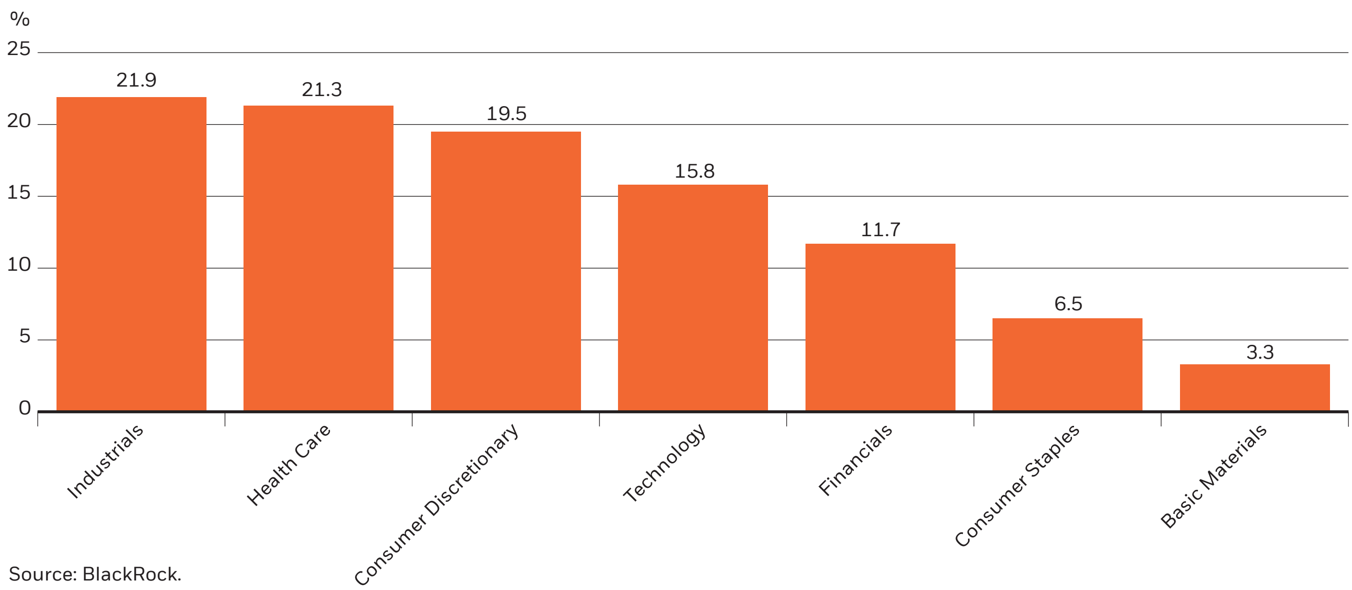
Market capitalisation



Investment size



Distribution of investments



Source: BlackRock.

Contents

Governance

Luxury design house Hermès was another significant performer during the year. It takes the company close to five years to train their craftspeople to build the various different handbags and leather goods by hand.

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

Five 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 regularly review 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 chairman 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

Davina Curling
Senior Independent Director
Appointed as a Director 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

Directors' biographies
continued

Paola Subacchi
Appointed as a Director 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

Ian Sayers
Appointed as a Director February 2022

Ian Sayers is the former Chief Executive of the Association of Investment Companies (AIC), which he became in 2010 on his promotion from Deputy Director General. Prior to that, he was the AIC's Technical Director, advising members on areas such as taxation, accounting, company law and regulation, as well as having a key role in its public affairs activity. Before joining the AIC, he qualified as a Chartered Accountant and Chartered Tax Adviser at Ernst & Young and worked in the funds section of the Investment Management Group, providing compliance and advisory services to investment trusts and their management groups.

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

* Appointed with effect from 10 February 2022 and has attended all available meetings since that date.

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 2022. 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 3 November 2022.

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.

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 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, as implemented, retained and onshored in the UK (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 the Manager, 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. Developing Europe refers to countries which are defined as developing primarily based on three criteria: economic development, size and liquidity, and market accessibility. Market accessibility as a metric aims to reflect institutional investors' experiences of investing in a given market and includes criteria such as foreign ownership limits, operational framework, availability of investment instruments etc. The official MSCI benchmark includes Poland, Greece, Hungary, Turkey and the Czech Republic, but we may also look at off-benchmark countries if they meet our criteria. 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 2022, the Company held 39 investments and 3.4% (2021: 4.2%) of the portfolio was invested in developing Europe. The Company had no unquoted investments.

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

The Company also has the flexibility to invest up to 20% of the portfolio in debt securities, such as convertible bonds and corporate bonds. No bonds were held at 31 August

Strategic Report
continued

2022. The use of any derivative instruments such as financial futures, options and warrants and the entering into of stock lending arrangements will only be for the purposes of efficient portfolio management.

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

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 nil (2021: 4.8%).

Performance
In the year to 31 August 2022, the Company's NAV per share decreased by 29.2% (compared with a decrease in the FTSE World Europe ex UK Index of 11.5%) and the share price fell by 33.4% (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 loss for the year, after taxation, was £201,365,000 (2021: total profit, after taxation, of £196,575,000) which is reflected in the decrease in the net asset value of the Company. The revenue return amounted to £7,728,000 (2021: £3,595,000) and relates to net revenue earnings from dividends received during the year after adjusting for expenses.

As explained in the Company's Half Yearly Financial Report, the Directors declared an interim dividend of 1.75p per share (2021: 1.75p). The Directors recommend the payment of a final dividend of 4.85p per share, making a total dividend of 6.60p per share (2021: 6.30p). Subject to approval at the forthcoming Annual General Meeting, the dividend will be paid on 16 December 2022 to shareholders on the register of members at the close of business on 18 November 2022.

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, the Company has no direct social or community responsibilities or impact on the environment and the Company has not adopted an ESG investment strategy or exclusionary screens. 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 approach to ESG integration is set out on page 41.

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 2022 are set out in the Directors' Biographies on pages 27 and 28. The Board consists of three male Directors and two female Directors. The Company's policy on diversity is set out on page 57. 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' (APMs) 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 114 to 116.

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 2022	As at 31 August 2021
Net asset value per share	475.72p	678.49p
Net asset value total return[1,2]	-29.2%	+49.4%
Share price	456.00p	692.00p
Share price total return[1,2]	-33.4%	+56.8%
(Discount)/premium to net asset value[2]	(4.1%)	2.0%
Revenue return per share	7.65p	4.13p
Ongoing charges[2,3]	0.98%	1.02%

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 114 to 116.
3 Ongoing charges represent the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, write back of prior year expenses 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, including those that would threaten its business model. 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 chairs 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. Over the course of 2020 and through to the present time, the COVID-19 pandemic has given rise to unprecedented challenges for businesses across the globe. Additionally, the risk that unforeseen or unprecedented events including (but not limited to) heightened geo-political tensions such as the war in Ukraine, high inflation and the current cost of living crisis has had a significant impact on global markets. The Board has taken into consideration the risks posed to the Company by these events and incorporated them 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. 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	
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 and the Company's peer group; • 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; and • 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.
The Board is also cognisant of the long-term risk to performance from inadequate attention to ESG issues and in particular the impact of climate change.	ESG analysis is integrated into the Manager's investment process as set out on pages 41 to 43. This is monitored by the Board.
Legal & 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 corporation tax on capital gains 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. A serious regulatory 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 could 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, the Sanctions and Anti-Money Laundering Act 2018 and the 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. The Company's Investment Manager, BlackRock, at all times complies with the sanctions administered by the UK Office of Financial Sanctions Implementation, the United States Treasury's Office of Foreign Assets Control, the United Nations, European Union member states and any other applicable regimes.

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, including (but not limited to) heightened geo-political tensions and military conflict, a global pandemic and high inflation. 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 as a consequence of the COVID-19 pandemic and Russia/Ukraine conflict. 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. The Company does not exclude investment in stocks based on ESG criteria, but the Portfolio Managers consider 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, the Depositary and Fund Accountant which maintain the Company's assets, dealing procedures and accounting records. The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of these 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 capacity and 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 Service Organisation Control (SOC 1) 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 risks posed by the COVID-19 pandemic in terms of the ability of service providers to function effectively, the Board received reports from key service providers setting out the measures that they 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 interest rate risk, counterparty credit risk and liquidity risk.	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 2027. 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 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 is liquid and mainly comprises of readily realisable assets, which continue to offer a broad range of investment opportunities for shareholders as part of a balanced investment portfolio;
- 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 46 in the Directors' Report.

Section 172 Statement: promoting the success of the Company

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain in greater detail 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 is committed to promoting the role and success of the Company in delivering on its investment mandate to shareholders over the long term. The Board also 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 Company does not exclude investment in stocks based on ESG criteria, but the Manager's approach to the consideration of ESG factors in respect of the Company's portfolio, as well as its engagement with investee companies, is to encourage the adoption of sustainable business practices which support long-term value creation.	The portfolio activities undertaken by the Investment Manager can be found in their report on pages 9 to 12. The Investment Manager aims to construct a portfolio that is high conviction and concentrated in nature but diversified by end market exposures. 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 30.

Area of Engagement	Issue	Engagement	Impact
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. The Board also works closely with the Manager to develop the Company's marketing strategy, with the aim of ensuring effective communication with shareholders. Unlike trading companies, one-to-one shareholder meetings normally take the form of a meeting with the Portfolio Managers 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 Portfolio Managers. 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 107.	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 (many by video conference) 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.

Strategic Report
continued

Area of Engagement	Issue	Engagement	Impact
Responsible investing	More than ever, 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 Company does not exclude investment in stocks based on ESG criteria, but the Board believes that responsible investment and sustainability are integral to the longer-term delivery of the Company's success. The Board works closely with the Investment Manager to regularly review the Company's performance, investment strategy and underlying policies to ensure that the Company's investment objective continues to be met in an effective and responsible way in the interests of shareholders and future investors. The Investment Manager's approach to the consideration of Environmental, Social and Governance (ESG) factors in respect of the Company's portfolio, as well as the Investment Manager's engagement with investee companies 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 41 to 43. The Investment Manager's engagement and voting policy is detailed on pages 41 and 42 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.
Management of share rating	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 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 2022 as, over the six months to 31 August 2022, the average discount to NAV (cum income) was 4.5%. It also decided not to implement the May 2022 semi-annual tender offer, as over the six months to 28 February 2022, the average premium to NAV (cum income) was 1.8%. During the financial year the Company reissued 1,945,000 ordinary shares from treasury and allotted 4,300,000 new ordinary shares. The Company also bought back 601,558 ordinary shares. As at 31 October 2022 the Company's shares were trading at a discount of 5.2% to the cum income NAV.

Area of Engagement	Issue	Engagement	Impact
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. The ongoing COVID-19 pandemic continues to pose significant challenges to the operation of businesses across the globe. The Board has continued to work 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.

Strategic Report
continued

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.	During the year, the Board appointed a new Director. The Nomination Committee agreed the selection criteria and the method of selection, recruitment and appointment. The services of an external search consultant were used to identify potential candidates. All Directors are subject to a formal evaluation process on an annual basis (more details and the conclusions of the 2022 evaluation process are given on page 58). 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 107 with any issues.	As a result of the recruitment process, Mr Sayers was appointed as a Director of the Company with effect from 10 February 2022. As at the date of this report, the Board was comprised of three men and two women. Two Board Directors, Mr Sanderson and Ms Curling, have a tenure in excess of nine years. The Board considers that the tenure of the Chairman and Directors should be determined principally by how the Board's purpose in providing strategic leadership, governance and bringing challenge and support to the Manager can best be maintained, whilst also recognising the importance of independence, refreshment, diversity and retention of accumulated knowledge. It firmly believes that an appropriate balance of these factors is essential for an effective functioning board and, at times, will naturally result in some longer serving Directors. Furthermore, the Board wishes to retain the flexibility to recruit outstanding candidates when they become available rather than simply adding new Directors based upon a predetermined timetable. Details of each Directors' contribution to the success and promotion of the Company are set out in the Directors' Report on pages 48 and 49 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 of the proxy voting results in favour and against individual Directors' re-election at the 2021 Annual General Meeting are given on the Manager's website at www.blackrock.com/uk/brge.

Environmental, Social and Governance issues and approach

The Company's approach to ESG

Environmental, social and governance (ESG) issues can present both opportunities and threats to long-term investment performance. Whilst the Company does not exclude investment in stocks purely on ESG criteria, ESG analytics are integrated into the investment process when weighing up the risk and reward benefits of investment decisions and the Investment Manager believes that communication and engagement with portfolio companies is important and can lead to better outcomes for shareholders and the environment than merely excluding investment in certain areas.

More information on BlackRock's global approach to ESG integration, as well as activity specific to the BlackRock Greater Europe Investment Trust plc portfolio, is set out below. BlackRock has defined ESG integration as the practice of incorporating material ESG information and consideration of sustainability risks into investment decisions. 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 or impact focused investment strategy or any exclusionary screens have 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. More information on sustainability risks may be found in the AIFMD Fund Disclosures document of the Company available on the Company's website at https://www.blackrock.com/uk/literature/policies/itc-disclosures-blackrock-greater-europe-investment-trust-plc.pdf.

BlackRock Greater Europe Investment Trust plc – BlackRock Investment Stewardship Engagement with portfolio companies for the year ended 31 August 2022

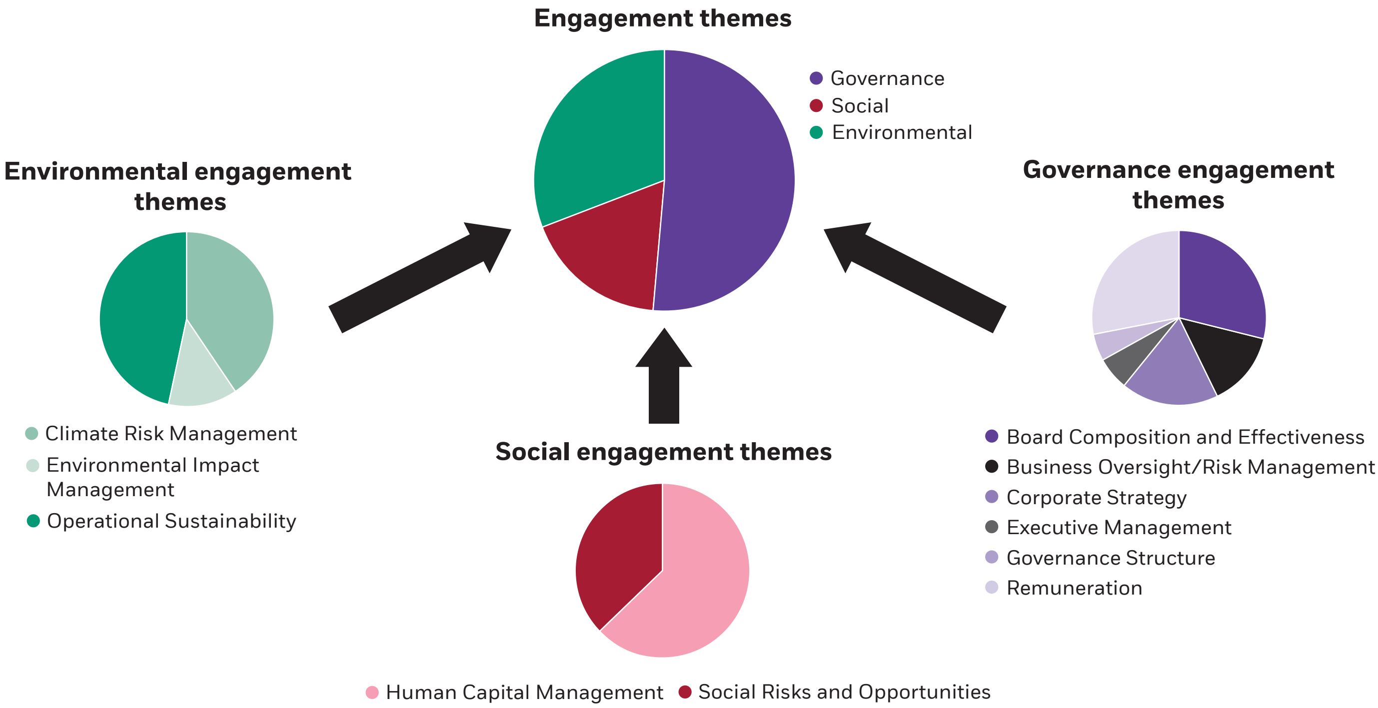
The Company benefits from two leading teams within BlackRock's Fundamental Equity division: the 20-strong European Equity team, as well as seven analysts focusing on Emerging Europe from the Global Emerging Markets team. These teams have excellent access to company management teams and undertake in excess of 2,000 company meetings each year to identify the best management teams in the region with the ability to create value for shareholders over the long term. In addition, BlackRock also has a separate Investment Stewardship team (BIS) that is committed to promoting sound corporate governance through engagement with investee companies, development of proxy voting policies that support best governance practices and wider engagement on public policy issues. For the year to 31 August 2022, BIS held 50 company engagements on a range of governance issues with the management teams of 24 companies in the BlackRock Greater Europe Investment Trust plc portfolio, representing 72.2% of the portfolio by value at 31 August 2022. Additional information is set out in the table and charts below and overleaf, as well as the key engagement themes for the meetings held in respect of the Company's portfolio holdings.

	Year ended 31 August 2022
Number of engagements held[1]	50
Number of companies met[1]	24
% of equity investments covered[2]	72.2
Shareholder meetings voted at[1]	37
Number of proposals voted on[1]	551
Number of votes against management[1]	69
% of total items voted represented by votes against management	12.5

1 Source: Institutional Shareholder Services as at 31 August 2022.

2 Source: BlackRock. Company valuation as included in the portfolio at 31 August 2022 as a percentage of the total portfolio value.

Strategic Report
continued



BlackRock's approach to ESG integration

BlackRock believes that sustainability risk – and climate risk in particular - equates to investment risk, and this will drive a profound reassessment of risk and asset values as investors seek to react to the impact of climate policy changes. This in turn, in BlackRock's view, is likely to drive a significant reallocation of capital away from traditional carbon intensive industries over the next decade. BlackRock believes that carbon-intensive companies will play an integral role in unlocking the full potential of the energy transition, and to do this, they must be prepared to adapt, innovate and pivot their strategies towards a low carbon economy.

As part of BlackRock's structured investment process, ESG risks and opportunities (including sustainability/climate risk) are considered within the portfolio management team's fundamental analysis of companies and industries and the Company's portfolio managers work closely with BIS to assess the governance quality of companies and investigate any potential issues, risks or opportunities.

As part of their approach to ESG integration, the portfolio managers use ESG information when conducting research and due diligence on new investments and again when monitoring investments in the portfolio. In particular, portfolio managers at BlackRock now have access to 1,200 key ESG performance indicators in Aladdin (BlackRock's proprietary trading system) from third-party data providers. BlackRock's internal sustainability research framework scoring is also available alongside third-party ESG scores in core portfolio management tools. BlackRock's access to company management allows it to engage on issues that are identified through questioning management teams and conducting site visits. In conjunction with the portfolio management team, BIS meets with boards of companies frequently to evaluate how they are strategically managing their longer-term issues, including those surrounding ESG and the potential impact these may have on company financials. BIS's and the portfolio management team's understanding of ESG issues is further supported by BlackRock's Sustainable and Transition Solutions (STS) function. STS looks to advance ESG research and integration, active engagement and the development of sustainable investment solutions across the firm.

Investment stewardship

As a fiduciary to its clients, BlackRock has built its business to protect and grow the value of clients' assets. As part of this fiduciary duty to its clients, BIS is committed to promoting sound corporate governance through engagement with investee companies, development of proxy voting policies that support best governance practices and also through wider engagement on public policy issues.

Global Principles

BlackRock's approach to corporate governance and stewardship is explained in its Global Principles. These high-level Principles are the framework for BlackRock's more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe BlackRock's philosophy on stewardship (including how it monitors and engages with companies), its policy on voting, its integrated approach to stewardship matters and how it deals with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. BlackRock reviews its Global Principles annually and updates them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year. BlackRock's Global Principles are available on its website at https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf.

Market-specific proxy voting guidelines

BlackRock's voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They are the benchmark against which it assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock informs voting decisions through research and engages as necessary. BlackRock reviews its voting guidelines annually and updates them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

BlackRock's market-specific voting guidelines are available on its website at https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-guidelines-emea.pdf.

In 2021, BIS explicitly asked that all companies disclose a business plan aligned with the goal of limiting global warming to well below 2°C, consistent with achieving net zero global greenhouse gas (GHG) emissions by 2050. BlackRock viewed these disclosures as essential to helping investors assess a company's ability to transition its business to a low carbon world and to capture value-creation opportunities created by the climate transition. BlackRock also asked that companies align their disclosures to the Task Force on Climate-related Financial Disclosures (TCFD) framework and the SASB standards. For 2022, BIS is evolving its perspective on sustainability reporting to recognise that companies may use standards other than that of the SASB (Sustainability Accounting Standards Board) and reiterates its ask for metrics that are industry-specific or company-specific. BIS is also encouraging companies to demonstrate that their plans are resilient under likely decarbonisation pathways, and the global aspiration to limit warming to 1.5°C. BIS is also asking companies to disclose how considerations related to having a reliable energy supply and just transition affect their plans. More information in respect of BlackRock's investment stewardship approach to sustainable investing can be found at https://www.blackrock.com/corporate/literature/publication/blk-commentary-climate-risk-and-energy-transition.pdf.

BlackRock has been a member of Climate Action 100+ since 2020 and has aligned its engagement and stewardship priorities to UN Sustainable Development Goals (including Gender Equality and Affordable and Clean Energy). A map of how BIS's engagement priorities align to the UN Sustainable Development Goals (SDGs) can be found at https://www.blackrock.com/corporate/literature/publication/blk-engagement-priorities-aligned-to-sdgs.pdf.

BlackRock is committed to transparency in terms of disclosure on its engagement with companies and voting rationales and is committed to voting against management to the extent that they have not demonstrated sufficient progress on ESG issues. This year, BlackRock held a record number of engagement meetings (3,693 compared to 3,650 for 2021). Globally, BlackRock voted at 18,000 shareholder meetings on more than 173,000 proposals and voted against or withheld votes from 6,555 directors globally at 3,694 different companies driven by concerns regarding director independence, executive compensation, insufficient progress on board diversity, and overcommitted directors, reflecting our intensified focus on sustainability risks. In the 2021-22 proxy year, BlackRock voted against 176 directors and against 234 companies for climate-related concerns that could negatively affect long-term shareholder value. More detail in respect of BIS's engagement and voting history can be found at https://www.blackrock.com/corporate/literature/publication/2022-investment-stewardship-voting-spotlight.pdf.

BIS also publishes voting bulletins explaining its vote decision, and the engagement and analysis underpinning it, on certain high-profile proposals at company shareholder meetings. Vote bulletins for 2022 can be found at https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins.

BlackRock's reporting and disclosures

In terms of its own reporting, BlackRock believes that the SASB provides a clear set of standards for reporting sustainability information across a wide range of issues, from labour practices to data privacy to business ethics. For evaluating and reporting climate-related risks, as well as the related governance issues that are essential to managing them, the TCFD provides a valuable framework. BlackRock recognises that reporting to these standards requires significant time, analysis and effort. BlackRock's 2021 TCFD report can be found at https://www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/tcfd-report-2021-blkinc.pdf.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
3 November 2022

Directors' Report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 August 2022.

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, retained and onshored in the UK. The Company is governed by the provisions of the UK Alternative Investment Fund Managers Regulations 2013. 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 Financial Conduct Authority (FCA). Further details are set out in the AIFMD disclosures section 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).

Information to be disclosed in accordance with Listing Rule 9.8.4 (information to be included in Annual Report and Financial Statements)

Disclosures in respect of how the Company has complied with Listing Rule 9.8.4 are set out on page 113.

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 pooled investment products and intends to continue to do so for the foreseeable future.

In the context of the implementation of RDR (Retail Distribution Review) and the growing popularity of investment trusts on platforms, it is worth noting that the Company's shares are designed for private investors in the UK, including retail investors and professionally advised private clients. It is also attractive to institutional investors who seek long-term capital growth through investing in European equities and who understand and are willing to accept the risks of exposure to equities. When assessing the suitability of shares, private investors should consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Naturally, investors should also be capable of evaluating the risks and merits of an investment in the Company and should always have sufficient resources to bear any loss that may result.

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, since retained in the UK by the European Union (Withdrawal) Act 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 were 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. The AIFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to the Investment Manager.

The AIFM receives an annual management fee 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 (£690 million as at 31 December 2021) 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 2022 amounted to £130,000 (excluding VAT) (2021: £118,000). 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 net asset 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. 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.

Custody services in respect of the Company's assets have been delegated by the Depositary 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 (including tender offers), 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.

Directors' Report

continued

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 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 BlackRock Investment Stewardship team (BIS), 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. BIS 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. BlackRock's global corporate governance and engagement principles are published on its website at: https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf

During the year under review, the Investment Manager voted on 551 proposals at 37 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well run companies but voted against 56 (10.2%) resolutions and abstained from voting on 15 (2.7%) resolutions. Most of the votes against were in respect of resolutions relating to directors' remuneration, or to elect or remove directors due to overboarding, 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 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, and the current environment of heightened geo-political risk given the war in Ukraine. 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. The portfolio mainly comprises readily realisable assets which can be sold to meet funding requirements if necessary. As at 1 November 2022, 95.2% of the portfolio was estimated as being capable of being liquidated within three days. 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 £70 million or 15% of the Company's net asset value at the time of drawdown of the relevant borrowings (whichever is lower) and this covenant was complied with during the year. 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 and that the Company has adequate resources to continue in operational existence for the period to 30 November 2023, being a period of at least 12 months from the date of approval of these financial statements. Ongoing charges for the year ended 31 August 2022 were approximately 0.98% of net assets.

Since the year end, the overdraft facility has been reduced to £60 million or 15% of the Company's NAV, whichever is lower. 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 2022 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. All of the Directors, apart from Mr Sayers, 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 and, in the case of Mr Sayers his 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 58, 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' liability insurance and 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 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 51 to 53. 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 2022, the Company's issued share capital was 101,698,853 ordinary shares, excluding 16,230,085 shares held in treasury.

Tender offers

On 29 March 2022 the Board announced that it would not be implementing the May semi-annual tender offer. Over the six months to 28 February 2022, the Company's shares traded at an average premium to NAV (cum income) of 1.8% compared to a discount of 2.0%, the price at which any tender offer would be made. It was also announced on 20 September 2022 that the Board had decided not to implement a semi-annual tender offer in November 2022. Over the six-month period to 31 August 2022, the average discount to NAV (cum income) was 4.5%. 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 2023 and the Directors are proposing that their authority to make further regular tender offers be renewed at the forthcoming Annual General Meeting.

Share repurchases

The Company has authority to purchase ordinary shares in the market to be held in treasury or for cancellation. During the year the Company bought back 601,558 ordinary shares at an average price of 467.45p per share, at an average discount of 5.5%, for a total cost of £2,812,000. Since the year end and up to the date of this report, a further 698,692 ordinary shares have been repurchased for a total cost of £3,016,000.

Directors' Report

continued

The latest buy back authority was granted to Directors on 9 December 2021 and expires at the conclusion of the Annual General Meeting on 8 December 2022. The Directors are proposing that their authority to buy back shares be renewed at the forthcoming Annual General Meeting.

Share issues

During the year, the Company issued and allotted 4,300,000 new ordinary shares and 1,945,000 shares were sold from treasury at an average price of 681.87p per share and for a net consideration after expenses of £42,550,000. All share issuance was carried out at a premium to NAV. Since the year end up to 3 November 2022, no further ordinary shares have been allotted or reissued.

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 2021 Annual General Meeting the Company was authorised to repurchase ordinary shares into treasury for reissue or cancellation at a future date. 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 15 resolutions. Resolutions 1 to 11 are proposed as ordinary resolutions and resolutions 12 to 15 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 2022 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 54 and 55.

Resolution 3 – Approval of a final dividend

Resolution 3 seeks shareholder approval of a final dividend of 4.85 pence per share for the year ended 31 August 2022.

Resolutions 4 to 8 – Re-election of Directors

Resolutions 4 to 8 relate to the re-election and 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 that each Director brings to the Board for the long-term sustainable success of the Company are set out below. All the Directors, except for Mr Sayers, held office throughout the year under review and will stand for re-election or 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.

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.

Resolution 8 relates to the election of Mr Ian Sayers who was appointed in February 2022. Mr Sayers was, until recently, the chief executive of The Association of Investment Companies (AIC) and has a wide and in-depth knowledge of the commercial, technical, regulatory and governance issues facing investment companies. He also has extensive contacts with all stakeholders in the sector, including political and regulatory audiences, the media, management groups, brokers, proxy voting agencies and professional advisers.

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

These resolutions relate to the re-appointment and remuneration of the Company's auditor. The Company, through its Audit and Management Engagement Committee, has considered the independence and objectivity of the external auditor and is satisfied that the auditor remains independent. Further information in relation to the assessment of the auditor's independence can be found on page 64.

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

Resolution 11 – Authority to allot shares

The Directors may only allot shares for cash if authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to allot shares for cash up to an aggregate nominal amount of £10,100 which is equivalent to 10,100,016 ordinary shares of 0.1p each and represents 10% of the current issued ordinary share capital excluding treasury shares. The Directors will use this authority when it is in the best interests of the Company to issue shares for cash. This authority will expire at the conclusion of next year's Annual General Meeting, unless renewed prior to that date at an earlier general meeting.

Resolution 12 – Authority to disapply pre-emption rights

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

Resolution 12 empowers the Directors to (i) allot new shares for cash 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 £10,100 which is equivalent to 10,100,016 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 12 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 2023.

Resolution 13 – Authority to buy back ordinary shares

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

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

The Directors are seeking authority to purchase up to 15,139,924 ordinary shares (being 14.99% of the ordinary shares in issue at the date of this report) or, if less, 14.99% of

Directors' Report
continued

the ordinary shares as at 8 December 2022. This authority, unless renewed at an earlier general meeting, will expire at the conclusion of next year's Annual General Meeting in 2023.

Resolutions 14 and 15 – Regular tender offers
Resolutions 14 and 15 seek shareholder approval to renew the authorities to operate the semi-annual tender offers in accordance with the terms and conditions of the Company's regular tender offers. The Directors are seeking authority to purchase up to a maximum of 20% of the ordinary shares in issue at each relevant tender offer date. The authorities, if renewed, will expire on 31 July 2023 and 31 January 2024.

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 3 November 2022.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
3 November 2022

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31 August 2022 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 70 to 76.

Statement by the Chairman

The Board's policy on remuneration is set out on pages 54 and 55. 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 Report.

The Board's remuneration is considered annually and was last reviewed in July 2022. Following this review, it was agreed that effective from 1 September 2022, the fees of the Chairman would increase from £42,500 to £44,000, the Chairman of the Audit and Management Engagement Committee from £33,500 to £35,000 and for the other Directors from £29,000 to £30,000. Prior to this, Directors' fees were last increased on 1 September 2021.

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

Remuneration Committee

The Board as a whole fulfils the function of the Remuneration Committee and considers any change in the Directors' remuneration policy. It is not considered necessary to have a separate Committee as the Company's Directors are all non-executive and independent of the Manager. No advice or services were provided by any external agencies or third parties 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 2022 and 31 August 2021.

Directors	Year ended 31 August 2022 Fees	Year ended 31 August 2022 Taxable benefits[1]	Year ended 31 August 2022 Total	Year ended 31 August 2021 Fees	Year ended 31 August 2021 Taxable benefits[1]	Year ended 31 August 2021 Total
	£	£	£	£	£	£
Eric Sanderson (Chairman)	42,500	–	42,500	41,000	–	41,000
Peter Baxter (Chairman of the Audit and Management Engagement Committee)	33,500	–	33,500	32,500	–	32,500
Davina Curling	29,000	226	29,226	28,000	–	28,000
Paola Subacchi	29,000	–	29,000	28,000	–	28,000
Ian Sayers[2]	16,071	482	16,553	n/a	–	n/a
Total	**150,071**	**708**	**150,779**	**129,500**	**–**	**129,500**

[1] Taxable benefits relate to travel and subsistence costs.
[2] Appointed on 10 February 2022.

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 2022, fees of £14,000 (2021: £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 2022 (2021: 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.

Directors' Remuneration Report
continued

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.

	2022 £'000	2021 £'000	Change £'000
Directors' total remuneration	151	130	+21
Total dividends paid and payable	6,689	6,069	+620
Total revenue income	10,394	5,951	+4,443
Buy back of ordinary shares after costs	-2,812	-	-2,812
Shares issued from treasury after costs	12,535	50,200	-37,665
Issue of new shares after costs	30,015	22,262	+7,753

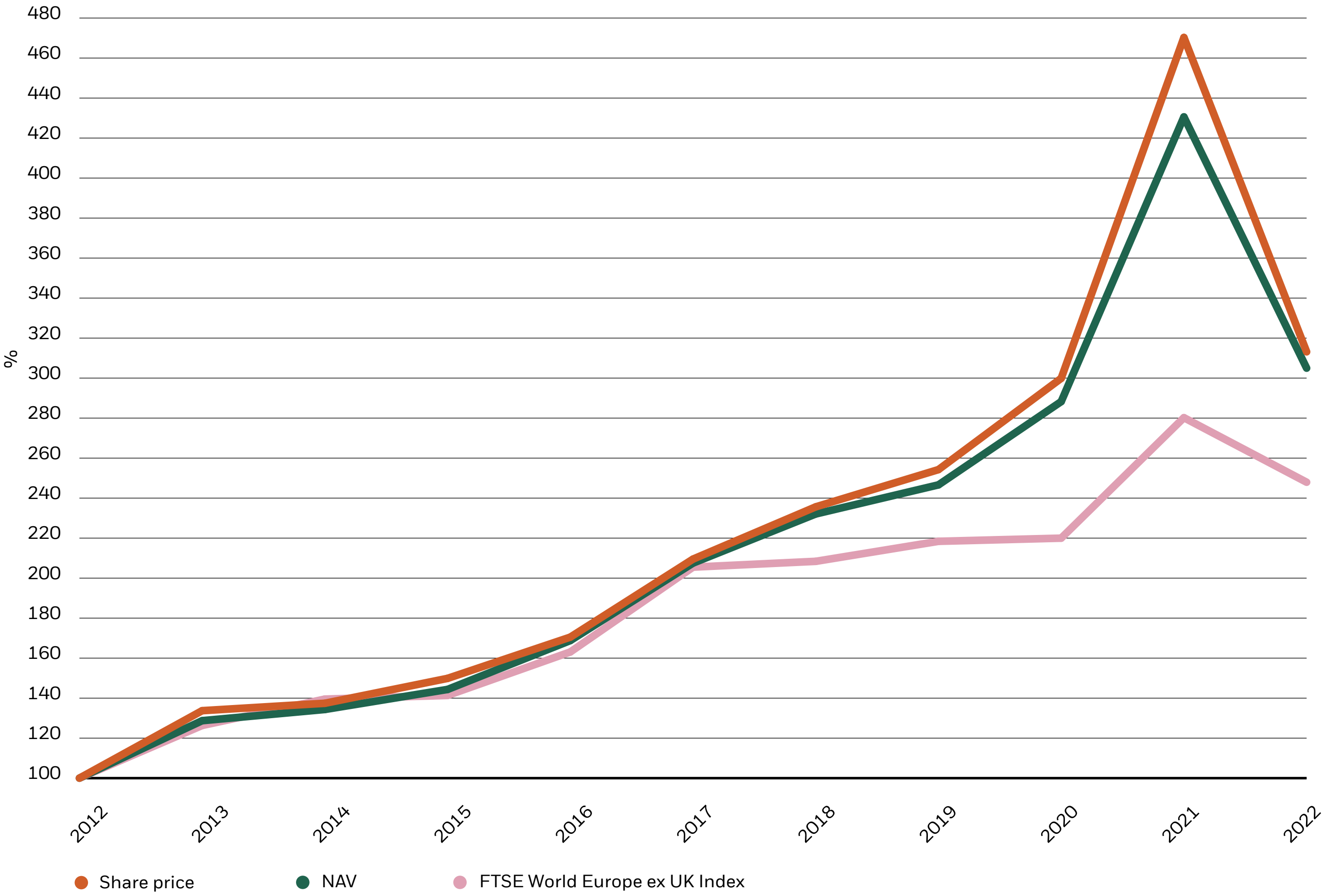
Annual percentage change in Directors' remuneration
The following table sets out the annual percentage change in Directors' fees for the past five years:

	31 August 2022	31 August 2021	31 August 2020	31 August 2019	31 August 2018
Chairman	3.7%	0%	7.9%	4.1%	8.9%
Audit and Management Engagement Committee Chairman	3.1%	0%	4.8%	3.3%	7.1%
Director	3.6%	0%	3.7%	3.8%	4.0%

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.

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 2012 to 31 August 2022



Sources: BlackRock and Datastream.
Performance with dividends reinvested in Sterling terms, rebased to 100 at 1 September 2012.

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 2022	31 August 2021
Eric Sanderson	4,000	4,000
Peter Baxter	11,000	5,000
Davina Curling	–	–
Paola Subacchi	7,017	5,513
Ian Sayers	–	n/a

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 2022/2023 financial year

There are no significant changes in the current financial year. The remuneration policy was implemented at the 2020 Annual General Meeting. Directors' fees have increased with effect from 1 September 2022 as outlined on page 51.

Retirement of Directors

Details are given in the Directors' Report on pages 46 and 47.

By order of the Board

ERIC SANDERSON
Chairman
3 November 2022

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). The Company has not 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 9 December 2021, 99.21% 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 2021 and 0.79% were against. 116,228 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.

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 2022) Chairman – £44,000 Audit and Management Engagement Committee Chairman – £35,000 Directors – £30,000 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

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; 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. The Chairman is a member of the Audit and Management Engagement Committee due to being independent on his appointment to the 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 five 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. Ms Curling has been appointed as the Company's 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. 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 Mr Sanderson and Ms Curling, who have served as Directors for over nine years, continue 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 age, gender, educational and professional background and other forms of diversity, is to take this into account during the recruitment and appointment process. This policy has been implemented during the recruitment and appointment processes undertaken during this reporting period. However, the Board is committed to an objective of 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 three 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 pages 46 and 47. Appointments of new Directors are made on a formalised basis, with the Nomination Committee agreeing the selection criteria and method of selection. The services of an external search consultant may be used to identify suitable candidates. During the year, the Company engaged the services of Trust Associates, an independent search consultant, to identify suitable Board candidates, which resulted in the appointment of Mr Sayers on 10 February 2022.

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.

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.

Corporate Governance Statement
continued

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 or the Manager), as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK) or the Investment Manager). The contractual arrangements with BFM are summarised on page 45.

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 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 107.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager. Details of the Investment Manager's voting policy are set out on page 46.

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 61 to 65.

Remuneration Committee
Under the Listing Rules, where an investment trust company has no executive directors, the UK Code provisions relating to directors' remuneration do not apply. 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 51 to 55. 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 Company's internal control systems and for reviewing their effectiveness, for ensuring that financial information published or used within the business is reliable and for regularly monitoring compliance with regulations governing the operation of investment trusts.

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

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

The Company's risk register sets out the risks relevant to the Company and describes, where relevant, the internal controls that are in place at the AIFM, the Investment Manager and other third-party service providers to mitigate these risks. The Committee formally reviews this register on a semi-annual basis and the Manager as the Company's AIFM reports on any significant issues that have been identified in the period. In addition, BlackRock's internal audit department provides an annual presentation to the Audit Committee chairs 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 periodic SOC 1 reports 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 66, the Independent Auditor's Report on pages 70 to 76 and the Statement of Going Concern on page 46.

Socially responsible investment

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 colleagues in the BlackRock Investment Stewardship team.

BlackRock's policies on socially responsible investment and corporate governance are detailed on the website at https://www.blackrock.com/corporate/en-gb/about-us/responsible-investment/responsible-investment-reports. The Manager is supportive of the UK Stewardship Code which is voluntary and operates on a 'comply or explain' basis.

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

Under normal operating conditions, all shareholders have the opportunity to attend and vote at the Annual General Meeting. The Notice of Annual General Meeting sets out the business of the Meeting which is explained in the Directors' Report. Separate resolutions are proposed for substantive issues. 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.

Corporate Governance Statement
continued

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 107. The dialogue with shareholders provides a two-way forum for canvassing the views of shareholders and enabling the Board to become aware of any issues of concern, including those relating to performance, strategy and corporate governance.

There is a section within this Annual Report entitled 'Shareholder Information', which provides an overview of useful information available to shareholders. The Company's financial statements, regular factsheets and other information are also published on the Manager's website at 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 (or, as a result of the retention and onshoring of the Regulation following Brexit, the UK) 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 44 to 50 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
3 November 2022

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 2022.

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 recent and relevant financial experience and specific 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 58.

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 59 and below.

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.

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.

Non-audit services

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 64.

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 2022 and 31 August 2021, 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 opposite sets out the key areas of risk identified by the Committee and also explains how these were addressed.

United Kingdom Single Electronic Format regulatory technical standard (UKSEF)

We paid special attention to the preparation of our financial statements in digital form under the UKSEF taxonomy and regulatory technical standard. As this was the first report in this format, we made sure the necessary procedures had been completed by all parties, including the technical accounting team of the Manager, our fund accountants, The Bank of New York Mellon and a specialist information technology provider.

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 including the fair valuation of investments suspended from trading 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 and will take action to address any significant issues that are identified in these reports, which may include direct discussions with representatives of the relevant service providers to obtain more detailed information surrounding any matters of concern and gaining assurance that appropriate remediation action has been taken. 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. The Committee also reviews the facts and circumstances of all special dividends to determine the revenue/capital treatment. The Directors also review a detailed schedule of dividends received from portfolio holdings at each meeting which sets out current and historic dividend rates, and the amounts accrued. Any significant movements or unusual items are discussed with the Manager. The Committee also reviews SOC 1 Reports from its service providers, including the Company's Fund Accountant and Custodian, The Bank of New York Mellon (International) Limited. These reports include information on the control processes in place to ensure the accurate recording of income and any exceptions are highlighted to the Committee and will be investigated further to ensure that appropriate remediation action has been taken where relevant.

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 is the current audit partner and is in his second year in the role.

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 regulations on mandatory 'firm' rotation require the appointment of new auditors every ten years, although this can be extended up to an additional ten years if tenders are carried out at the decade mark or another audit firm is appointed to do a joint audit. The Company will be mandatorily required to change its auditors by no later than 2023.

The Committee is satisfied that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014, published by the Competition and Markets Authority on 26 September 2014. In recognition of underlying audit rotation requirements, the Committee

Report of the Audit and Management Engagement Committee continued

currently intends that an audit tender process will be undertaken during the year to 31 August 2023 to appoint a new audit firm for the financial year ending 31 August 2024 onwards.

The Committee also considers the risks associated with audit firms withdrawing from the market and the relationship with the Company's auditors.

Assessment of the effectiveness of the external audit process

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

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

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

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

To form a conclusion with regard to the independence of the external auditor, the Committee considers whether the skills and experience of the auditor make them a suitable supplier of any non-audit services and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of any such services. On an ongoing 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 are fair, balanced and understandable, the Board has requested that the Committee advise on whether these criteria are satisfied. In so doing, the Committee has given consideration to the following:

- the comprehensive control framework over the production of the Annual Report and Financial Statements, including the verification processes in place to deal with the factual content;
- the extensive levels of review that are undertaken in the production process by the Manager, the Depositary and the third-party service providers responsible for accounting services and the Committee;
- the controls that are in place at the Manager and other third-party service providers to ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets; and

- the existence of satisfactory Service Organisation Control reports that have been reviewed and reported on by external auditors to verify the effectiveness of the internal controls of the Manager, Custodian and Fund 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, they are fair, balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported on these findings to the Board 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
3 November 2022

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 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 are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee's Report on pages 61 to 65. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 31 August 2022, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

For and on behalf of the Board

ERIC SANDERSON
Chairman
3 November 2022

Financial statements

Swiss multinational Lonza is a global leader in contract manufacturing for the pharmaceutical, biotechnology and nutrition sectors. Despite a disappointing valuation over the past year, we believe that the company's potential to outgrow the market over time remains highly promising.

PHOTO COURTESY OF LONZA

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 2022 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 20, 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 2022 and of its loss 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

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 2023. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its liabilities as they fall due.
- Review of the factors and assumptions, including the impact of the COVID-19 pandemic and other significant events that could give rise to market volatility, as applied to the revenue forecast and the Directors’ liquidity assessment of the investments. We considered the appropriateness of the methods used 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 investment 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 forecast and covenant calculations that are within the 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 the working capital requirements should revenue decline significantly.
- Review of the Company’s going concern disclosures included in the Annual Report in order to assess whether 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 2023, which is at least twelve months from when the financial statements are 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 items in the Income Statement. • Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	• Overall materiality of £4.84m (2021: £6.52m) which represents 1% (2021: 1%) of the Company's shareholder's funds.

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.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Directors have stated that they are cognisant of the long term risk to performance from inadequate attention to Environmental, Social and Governance (ESG) issues, and in particular the impact of climate change. This is explained in the principal risks section included in the Strategic Report (pages 31 to 34), which forms part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in Note 2(a) and conclusion that there was no material impact of climate change on the valuation of investments. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

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 items in the Income Statement *Refer to the Report of the Audit and Management Engagement Committee (page 63); Accounting policies (page 81); and Note 3 of the Financial Statements (page 83).* The total investment income for the year to 31 August 2022 was £10.57m (2021: £5.95m), consisting primarily of dividend income from overseas listed investments. During the year, the Company received special dividends amounting to £0.82m, of which £0.64m was classified as revenue and £0.18m was classified as capital (2021: £0.02m, all of which were 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 may, in certain circumstances, 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 processes and controls surrounding revenue recognition and the classification of special dividends by 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. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31 August 2022. 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. To test completeness of recorded investment 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 investments held during the year, we compared the type of dividends paid with reference to an external data source to identify those which were 'special'. We tested the special dividends received, by recalculating the amount received and assessing the appropriateness of classification as revenue or capital by reviewing the underlying rationale of the distribution.	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 items 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 63); Accounting policies (page 82); and Note 10 of the Financial Statements (page 88).* The valuation of the investment portfolio as at 31 August 2022 was £477.82m (2021: £682.77m), 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 exchange listed investments is determined using quoted market bid prices at close of business on the reporting date. As at 28 February 2022, the Company held investments in four Russian companies, one of which is subject to sanctions. The Russian securities constituted 1.3% of net assets at 28 February 2022 (£6.95m) and the value of these investments were written down to a nominal value after the secondary listings of Russian securities trading on international exchanges were suspended on 3 March 2022. The Company's investments in the four Russian companies have been valued at a nominal value of £0.03m as at 31 August 2022 and were classified as Level 3 investments.	**We performed the following procedures:** We obtained an understanding of BNYM's processes surrounding investment title and pricing by reviewing their internal control reports and performing our walkthrough procedures. We also obtained an understanding of the Manager's processes and controls surrounding compliance with international sanctions against Russia. 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. For Russian securities, we assessed the valuation applied by BlackRock's Pricing Committee with reference to the requirements of FRS 102. 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 2022 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.

Independent Auditor's Report

continued

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 £4.84m (2021: £6.52m), which is 1% (2021: 1%) of the Company's shareholders' funds. We believe that shareholders' funds provides us with a basis of materiality aligned to the key measure of the Company's performance.

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £3.63m (2021: £4.89m). 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 £0.43m (2021: £0.33m) 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 £0.24m (2021: £0.33m), 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 66 and 102 to 124, 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 this gives rise to 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
We have reviewed 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 by the Listing Rules.

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:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 46 and 81;
- 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;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on pages 34, 46 and 81;
- Directors' statement on fair, balanced and understandable set out on pages 65 and 66;
- 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 61 to 65.

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 66, 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, review of Board and committee meeting minutes and review of papers provided to the Audit and Management Engagement Committee.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud

Independent Auditor's Report

continued

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 items in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.

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

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.

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 19 years, covering the periods ending 15 October 2004 to 31 August 2022.

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
3 November 2022

Income Statement

for the year ended 31 August 2022

		2022			2021		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	10	–	(206,195)	(206,195)	–	195,351	195,351
Gains on foreign exchange		–	1,142	1,142	–	1,177	1,177
Income from investments held at fair value through profit or loss	3	10,394	177	10,571	5,951	–	5,951
Total income		**10,394**	**(204,876)**	**(194,482)**	**5,951**	**196,528**	**202,479**
Expenses							
Investment management fee	4	(977)	(3,907)	(4,884)	(831)	(3,325)	(4,156)
Other operating expenses	5	(811)	(40)	(851)	(787)	(19)	(806)
Total operating expenses		**(1,788)**	**(3,947)**	**(5,735)**	**(1,618)**	**(3,344)**	**(4,962)**
Net profit/(loss) on ordinary activities before finance costs and taxation		**8,606**	**(208,823)**	**(200,217)**	**4,333**	**193,184**	**197,517**
Finance costs	6	(68)	(270)	(338)	(51)	(204)	(255)
Net profit/(loss) on ordinary activities before taxation		**8,538**	**(209,093)**	**(200,555)**	**4,282**	**192,980**	**197,262**
Taxation charge	7	(810)	–	(810)	(687)	–	(687)
Net profit/(loss) on ordinary activities after taxation	**9**	**7,728**	**(209,093)**	**(201,365)**	**3,595**	**192,980**	**196,575**
Earnings/(loss) per ordinary share (pence)	**9**	**7.65**	**(207.09)**	**(199.44)**	**4.13**	**221.66**	**225.79**

The total column of this statement represents the Company's profit and loss account. The supplementary revenue and capital accounts 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/(loss) on ordinary activities for the year disclosed above represents the Company's total comprehensive income/(loss).

The notes on pages 81 to 98 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 August 2022

	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 2022								
At 31 August 2021		113	48,340	130	71,541	522,321	9,286	651,731
Total comprehensive (loss)/income:								
Net (loss)/profit for the year		–	–	–	–	(209,093)	7,728	(201,365)
Transaction with owners, recorded directly to equity:								
Ordinary shares issued	13,14	4	30,067	–	–	–	–	30,071
Ordinary shares reissued from treasury	13,14	–	6,974	–	2,843	2,743	–	12,560
Ordinary shares repurchased into treasury	13,14	–	–	–	(2,804)	–	–	(2,804)
Share issue costs	13,14	–	(56)	–	–	–	–	(56)
Share reissue costs	13,14	–	–	–	(14)	(11)	–	(25)
Share buyback costs	13,14	–	–	–	(8)	–	–	(8)
Tender costs written back		–	–	–	14	–	–	14
Dividends paid[1]	8	–	–	–	–	–	(6,319)	(6,319)
At 31 August 2022		**117**	**85,325**	**130**	**71,572**	**315,960**	**10,695**	**483,799**

	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		3	22,304	–	–	–	–	22,307
Ordinary shares reissued from treasury		–	26,081	–	24,220	–	–	50,301
Share issue costs		–	(45)	–	–	–	–	(45)
Share reissue costs		–	–	–	(101)	–	–	(101)
Tender costs written back		–	–	–	83	–	–	83
Dividends paid[2]	8	–	–	–	–	–	(5,250)	(5,250)
At 31 August 2021		**113**	**48,340**	**130**	**71,541**	**522,321**	**9,286**	**651,731**

[1] Interim dividend paid in respect of the year ended 31 August 2022 of 1.75p per share was declared on 11 May 2022 and paid on 17 June 2022. Final dividend paid in respect of the year ended 31 August 2021 of 4.55p per share was declared on 5 November 2021 and paid on 17 December 2021.

[2] 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.

For information on the Company's distributable reserves, please refer to note 14 on pages 89 and 90.

The notes on pages 81 to 98 form part of these financial statements.

Balance Sheet

as at 31 August 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	477,816	682,774
Current assets			
Current tax asset		1,919	1,240
Debtors	11	220	6,424
Cash and cash equivalents		7,348	–
Total current assets		**9,487**	**7,664**
Creditors – amounts falling due within one year			
Bank overdraft	15(c)	(182)	(27,721)
Other creditors	12	(3,322)	(10,986)
Total current liabilities		**(3,504)**	**(38,707)**
Net current assets/(liabilities)		**5,983**	**(31,043)**
Net assets		**483,799**	**651,731**
Capital and reserves			
Called up share capital	13	117	113
Share premium account	14	85,325	48,340
Capital redemption reserve	14	130	130
Special reserve	14	71,572	71,541
Capital reserves	14	315,960	522,321
Revenue reserve	14	10,695	9,286
Total shareholders' funds	**9**	**483,799**	**651,731**
Net asset value per ordinary share (pence)	**9**	**475.72**	**678.49**

The financial statements on pages 77 to 98 were approved and authorised for issue by the Board of Directors on 3 November 2022 and signed on its behalf by Eric Sanderson, Chairman.

BlackRock Greater Europe Investment Trust plc

Registered in England, No. 5142459

The notes on pages 81 to 98 form part of these financial statements.

Statement of Cash Flows

for the year ended 31 August 2022

	Note	2022 £'000	2021 £'000
Operating activities			
Net (loss)/profit on ordinary activities before taxation		(200,555)	197,262
Add back finance costs		338	255
Losses/(gains) on investments held at fair value through profit or loss		206,195	(195,351)
Gains on foreign exchange		(1,142)	(1,177)
Sales of investments held at fair value through profit or loss		179,206	96,003
Purchase of investments held at fair value through profit or loss		(185,158)	(168,909)
(Increase)/decrease in debtors		(23)	276
(Decrease)/increase in other creditors		(160)	865
Taxation on investment income		(1,498)	(1,272)
Interest paid		(338)	(255)
Refund of withholding tax reclaims		9	743
Net cash used in operating activities		**(3,126)**	**(71,560)**
Financing activities			
Ordinary shares issued		32,889	19,388
Ordinary shares reissued from treasury		12,535	50,200
Ordinary shares repurchased into treasury		(2,234)	–
Dividends paid	8	(6,319)	(5,250)
Net cash generated from financing activities		**36,871**	**64,338**
Increase/(decrease) in cash and cash equivalents		**33,745**	**(7,222)**
Cash and cash equivalents at the start of the year		(27,721)	(21,676)
Effect of foreign exchange rate changes		1,142	1,177
Cash and cash equivalents at the end of the year		**7,166**	**(27,721)**
Comprised of:			
Cash at bank		1,104	–
Cash Fund[1]		6,244	–
Bank overdraft		(182)	(27,721)
		7,166	**(27,721)**

[1] Cash Fund represents funds held on deposit with the BlackRock Institutional Cash Series plc - Euro Liquid Environmentally Aware Fund.

The notes on pages 81 to 98 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 August 2022

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 on a going concern basis 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 updated in July 2022, and the provisions of the Companies Act 2006.

Substantially, all of the assets of the Company consist of securities that are readily realisable and, accordingly, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the period to 30 November 2023, being a period of at least 12 months from the date of approval of the financial statements, and therefore consider the going concern assumption to be appropriate. The Directors have reviewed compliance with covenants associated with the bank overdraft facility, income and expense projections, the liquidity of the investment portfolio and the risks associated with the current environment of heightened geo-political risk given the war in Ukraine in making their assessment.

The Directors have considered the impact of climate change on the value of the investments included in the Financial Statements and have concluded that:

– there was no further impact of climate change to be considered as the investments are valued based on market pricing as required by FRS 102; and

– the risk is adequately captured in the assumptions and inputs used in measurement of Level 3 assets, as noted in Note 15 of the Financial Statements.

None of the Company's other assets and liabilities were considered to be potentially impacted by climate change.

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 British Pound Sterling, which is the functional currency of the Company and 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 on the face of 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 account 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 88;
- 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 account and 20% to the revenue account of the Income Statement in line with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

Notes to the Financial Statements
continued

2. Accounting policies continued
(f) Taxation
The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the balance sheet date.

The current tax effect of different items of expenditure is allocated between capital and revenue on the marginal basis using the Company's effective rate of corporation tax for the accounting period.

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

(g) Investments held at fair value through profit or loss
The Company's investments are classified as held at fair value through profit or loss in accordance with 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.

Unquoted investments are valued by the Directors at fair value using International Private Equity and Venture Capital Valuation Guidelines. This policy applies to all current and non-current asset investments of the Company.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the 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 prepayments 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 (or in the normal operating cycle of business if longer). 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 they have been approved by shareholders before the balance sheet date. 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 are translated into Sterling at the rates of exchange ruling at the balance sheet date. Profits and losses thereon are recognised in the capital account 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 capital reserves based on a weighted average basis of amounts utilised from these reserves on repurchases; 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. Costs on share reissues are charged to the special reserve and capital reserves.

(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 Company 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

	2022 £'000	2021 £'000
Investment income:		
UK dividends	681	438
Overseas dividends	9,072	5,490
Overseas special dividends	641	23
Total investment income	**10,394**	**5,951**

Dividends and interest received in cash during the year amounted to £8,893,000 and £nil respectively (2021: £5,031,000 and £nil).

Special dividends of £177,000 have been recognised in capital during the year (2021: £nil).

4. Investment management fee

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	977	3,907	4,884	831	3,325	4,156
Total	**977**	**3,907**	**4,884**	**831**	**3,325**	**4,156**

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 20% to the revenue account and 80% to the capital account of the Income Statement. There is no additional fee for company secretarial and administration services.

Notes to the Financial Statements
continued

5. Other operating expenses

	2022 £'000	2021 £'000
Allocated to revenue:		
Broker fees	46	48
Custody fees	61	58
Depositary fees	62	53
Audit fees[1]	52	43
Legal fees[2]	142	26
Registrar's fees	92	84
Directors' emoluments[3]	151	130
Marketing fees	130	118
Postage and printing fees	60	67
AIC fees	21	21
Professional fees	19	18
Stock exchange listing fees[4]	17	129
Write back of prior year expense accruals[5]	(55)	(73)
Other administration costs	13	65
	811	**787**
Allocated to capital:		
Custody transaction costs[6]	40	19
	851	**806**
The Company's ongoing charges[7], 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, write back of prior year expenses and certain non-recurring items were:	0.98%	1.02%

1 No non-audit services are provided by the Company's auditors.
2 For the year ended 31 August 2022, legal fees of £117,000 (2021: £nil) related to legal work for the aborted issuance of a long-dated loan note.
3 Further information on Directors' emoluments can be found in the Directors' Remuneration Report on page 51. The Company has no employees.
4 For the year ended 31 August 2021, this included one off blocklisting fees of £112,000.
5 Relates to legal fees, printing and postage fees, professional fees, miscellaneous fees and Directors' expenses written back in the year ended 31 August 2022 (31 August 2021: professional fees and AIC fees written back in the year).
6 For the year ended 31 August 2022, expenses of £40,000 (2021: £19,000) were charged to the capital account of the Income Statement. These relate to transaction costs charged by the custodian on sale and purchase trades.
7 Alternative Performance Measure, see Glossary on pages 114 to 116.

6. Finance costs

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Interest on bank overdraft	68	270	338	51	204	255
	68	**270**	**338**	**51**	**204**	**255**

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

7. Taxation

(a) Analysis of charge in year

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Current taxation:						
Overseas tax suffered	916	–	916	687	–	687
Overseas tax - prior year adjustment	(106)	–	(106)	–	–	–
Total taxation charge (note 7 (b))	**810**	**–**	**810**	**687**	**–**	**687**

(b) Factors affecting total taxation charge for the year

The taxation assessed for the year is higher (2021: lower) than the standard rate of corporation tax in the UK of 19.00%. The differences are explained below.

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Profit/(loss) on ordinary activities before taxation	8,538	(209,093)	(200,555)	4,282	192,980	197,262
Tax on ordinary activities at standard rate of 19.00% (2021: 19.00%)	1,622	(39,728)	(38,106)	814	36,666	37,480
Effects of:						
Overseas tax suffered	916	–	916	687	–	687
Overseas tax – prior year adjustment	(106)	–	(106)	–	–	–
Exchange gain not taxable	–	(229)	(229)	–	(224)	(224)
Overseas dividends not subject to tax	(1,711)	–	(1,711)	(971)	–	(971)
UK dividends not subject to tax	(129)	–	(129)	(83)	–	(83)
Movement in management expenses not utilised/ recognised	214	743	957	235	632	867
Non-trade loan relationship deficit not utilised/ recognised	18	51	69	13	39	52
Expense relief for overseas tax	(14)	–	(14)	(8)	–	(8)
Disallowed expenses	–	8	8	–	4	4
Capital losses/(gains) not taxable	–	39,155	39,155	–	(37,117)	(37,117)
Total taxation charge (note 7(a))	**810**	**–**	**810**	**687**	**–**	**687**

At 31 August 2022, the Company had net surplus management expenses of £39.5 million (2021: £34.4 million) and a non-trade loan relationship deficit of £1.2 million (2021: £0.8 million) giving total unutilised losses of £40.7 million (2021: £35.2 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 Company has an unrecognised deferred tax asset of £10.2 million (2021: £8.8 million) as at 31 August 2022 based on a prospective corporation tax rate from 1 April 2023 of 25%, as enacted by the Finance Act 2021.

Notes to the Financial Statements
continued

8. Dividends

Dividends paid on equity shares	Record date	Payment date	2022 £'000	2021 £'000
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
2021 Final dividend of 4.55p	19 November 2021	17 December 2021	4,529	–
2022 Interim dividend of 1.75p	20 May 2022	17 June 2022	1,790	–
			6,319	**5,250**

The Directors have proposed a final dividend of 4.85p per share in respect of the year ended 31 August 2022. The final dividend will be paid on 16 December 2022, subject to shareholders' approval on 8 December 2022, to shareholders on the Company's register on 18 November 2022. 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 2022, meet the relevant requirements as set out in this legislation.

Dividends paid or proposed on equity shares	2022 £'000	2021 £'000
Interim paid of 1.75p (2021: 1.75p)	1,790	1,540
Final proposed of 4.85p* (2021: 4.55p)	4,899	4,529
	6,689	**6,069**

* Based on 101,000,161 ordinary shares (excluding treasury shares) in issue on 3 November 2022.

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

9. Earnings and net asset value per ordinary share

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

	2022	2021
Net revenue profit attributable to ordinary shareholders (£'000)	7,728	3,595
Net capital (loss)/profit attributable to ordinary shareholders (£'000)	(209,093)	192,980
Total (loss)/profit attributable to ordinary shareholders (£'000)	**(201,365)**	**196,575**
Total shareholders' funds (£'000)	**483,799**	**651,731**
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:	100,964,479	87,062,072
The actual number of ordinary shares in issue at the end of the year on which the net asset value was calculated was:	101,698,853	96,055,411
Calculated on weighted average number of ordinary shares:		
Revenue earnings per share (pence) – basic and diluted	7.65	4.13
Capital (loss)/earnings per share (pence) – basic and diluted	(207.09)	221.66
Total (loss)/earnings per share (pence) – basic and diluted	**(199.44)**	**225.79**

	As at 31 August 2022	As at 31 August 2021
Net asset value per share (pence)	475.72	678.49
Ordinary share price (pence)	456.00	692.00

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

	2022 £'000	2021 £'000
UK listed equity investments	33,988	36,897
Overseas listed equity investments	443,828	645,877
Valuation of listed investments at 31 August	**477,816**	**682,774**
Opening book cost of equity investments	393,781	299,654
Investment holding gains	288,993	110,148
Opening fair value	**682,774**	**409,802**
Analysis of transactions made during the year:		
Purchases at cost	177,090	176,977
Sales proceeds received	(175,853)	(99,356)
(Losses)/gains on investments	(206,195)	195,351
Closing fair value	**477,816**	**682,774**
Closing book cost of equity investments	423,321	393,781
Closing investment holding gains	54,495	288,993
Closing fair value	**477,816**	**682,774**

The Company received £175,853,000 (2021: £99,356,000) from investments sold in the year. The book cost of these investments when they were purchased was £147,550,000 (2021: £82,850,000). 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 £244,000 (2021: £140,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £55,000 (2021: £54,000). All transaction costs have been included within capital reserves.

11. Debtors

	2022 £'000	2021 £'000
Sales for future settlement	–	3,353
Share issues receivable	–	2,874
Prepayments and accrued income	220	197
	220	**6,424**

12. Creditors – amounts falling due within one year

	2022 £'000	2021 £'000
Purchases for future settlement	–	8,068
Share buybacks payable	578	–
Other payables	–	14
Accrued expenditure	2,744	2,904
	3,322	**10,986**

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 2021	96,055,411	17,573,527	113,628,938	113
Ordinary shares issued	4,300,000	–	4,300,000	4
Ordinary shares reissued from treasury	1,945,000	(1,945,000)	–	–
Ordinary shares repurchased into treasury	(601,558)	601,558	–	–
At 31 August 2022	**101,698,853**	**16,230,085**	**117,928,938**	**117**

During the year, 601,558 ordinary shares were repurchased and held in treasury (2021: nil) for a net consideration after expenses of £2,812,000 (2021: £nil).

During the year, 4,300,000 (2021: 3,300,000) new ordinary shares were issued for a net consideration after expenses of £30,015,000 (2021: £22,262,000).

During the year, 1,945,000 (2021: 8,432,310) ordinary shares were reissued from treasury for a net consideration after expenses of £12,535,000 (2021: £50,200,000).

The number of ordinary shares in issue at the year end was 117,928,938 (2021: 113,628,938) of which 16,230,085 (2021: 17,573,527) were held in treasury.

Since 31 August 2022 and up to the latest practicable date of 3 November 2022, no new ordinary shares have been issued and no ordinary shares have been reissued from treasury. A further 698,692 ordinary shares have been repurchased and placed in treasury for a net consideration after expenses of £3,016,000.

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 2021	48,340	130	71,541	233,571	288,750	9,286
Movement during the year:						
Total comprehensive income/(loss):						
Net profit/(loss) for the year	–	–	–	25,067	(234,160)	7,728
Transaction with owners, recorded directly to equity:						
Ordinary shares issued	30,067	–	–	–	–	–
Ordinary shares reissued from treasury	6,974	–	2,843	2,743	–	–
Ordinary shares repurchased into treasury	–	–	(2,804)	–	–	–
Share issue costs	(56)	–	–	–	–	–
Share reissue costs	–	–	(14)	(11)	–	–
Share buyback costs	–	–	(8)	–	–	–
Tender costs written back	–	–	14	–	–	–
Dividends paid during the year	–	–	–	–	–	(6,319)
At 31 August 2022	**85,325**	**130**	**71,572**	**261,370**	**54,590**	**10,695**

Notes to the Financial Statements
continued

14. Reserves continued

			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
Transaction 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	–	–	(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 reserves 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, the special reserve, capital reserves and the revenue reserve may be distributed by way of dividend. The gain on the capital reserve arising on the revaluation of investments of £54,590,000 (2021: gain 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.

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 58 and 59 and in the Statement of Directors' Responsibilities on page 66, 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 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, including sustainability 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 currency, interest rate and other price movements. It represents the potential loss the Company may suffer through holding market positions in financial instruments in the face of market movements.

A key metric RQA 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 2022 and 31 August 2021 (based on a 99% confidence level) was 4.65% and 2.20%, 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 2022 and 31 August 2021 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.

		2022			**2021**	
	Euro	**Swiss Franc**	**Other**	**Euro**	**Swiss Franc**	**Other**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Debtors (due from brokers, withholding tax receivable, prepayments and accrued income)	560	775	584	3,755	462	424
Creditors (due to brokers and other payables)	(316)	–	–	(3,322)	(7,608)	(350)
Cash and cash equivalents	7,348	–	1	–	–	–
Bank overdraft	–	–	–	(27,487)	–	(125)
Total foreign currency exposure on net monetary items	**7,592**	**775**	**585**	**(27,054)**	**(7,146)**	**(51)**
Investments at fair value through profit or loss that are equities	260,268	82,063	135,485	321,763	142,596	218,415
Total net foreign currency exposure	**267,860**	**82,838**	**136,070**	**294,709**	**135,450**	**218,364**

Notes to the Financial Statements

continued

15. Risk management policies and procedures continued

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 2022, 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. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

Interest rate exposure

The exposure at 31 August 2022 and 31 August 2021 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.

	2022			2021		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash and cash equivalents	7,348	–	7,348	–	–	–
Bank overdraft	(182)	–	(182)	(27,721)	–	(27,721)
Total exposure to interest rates	**7,166**	**–**	**7,166**	**(27,721)**	**–**	**(27,721)**

The Company does not have any fixed rate exposure at 31 August 2022 or 31 August 2021.

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 0.37% and 3.64% per annum (2021: 0.00% and 3.10% 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 or 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, climate change, or other events could have a significant impact on the Company and market prices of its investments.

The current environment of heightened geo-political risk given the war in Ukraine has undermined investor confidence and market direction. In addition to the tragic and devastating events in Ukraine, the war has constricted supplies of key commodities, pushing prices up and creating a level of market uncertainty and volatility which is likely to persist for some time. The coronavirus outbreak has also had a profound impact on all aspects of society in recent years. While there is a growing consensus in developed economies that the worst of the impact is now over, there is an expectation that travel restrictions, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, cancellations, supply chain disruptions and lower consumer demand will create ongoing challenges. While widescale vaccination programmes are now in place in many countries and are having a positive effect, the impact of COVID-19 continues to adversely affect the economies of many nations across the globe and this impact may be greater where vaccination rates are lower, such as in certain emerging markets. Although it is difficult to make timing predictions, it is expected that the economic effects of COVID-19 will continue to be felt for a period after the virus itself has moved from being pandemic to endemic in nature, and this in turn may continue to impact investments held by the Company.

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 2022 on its equity investments was £477,816,000 (2021: £682,774,000).

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.

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.

Notes to the Financial Statements
continued

15. Risk management policies and procedures continued
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 2022: AA- (31 August 2021: AA-)). The Company's listed investments are held on its behalf by The Bank of New York Mellon (International) Limited (BNYM) as the Company's Custodian (as sub-delegated by the Depositary). 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/Custodian may cause the Company's rights with respect to its investments held by the Depositary/Custodian to be delayed or limited. The maximum exposure to this risk at 31 August 2022 is the total value of investments held with the Depositary/Custodian and cash and cash equivalents in the Balance Sheet.

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

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

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

Cash held by a counterparty is subject to the credit risk of the counterparty. The following table details the total number of counterparties to which the Company is exposed, the maximum exposure to any one counterparty, 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]
2022	**2**	**6,244**	**1,104**	**AA-**
2021	5	2,874	3,353	BBB+

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

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

Debtors
Amounts due from debtors are disclosed on 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 (RQA CCR) team. The Company monitors the ageing of debtors to mitigate the risk of debtor balances becoming overdue.

In summary, the exposure to credit risk at 31 August 2022 and 31 August 2021 was as follows:

	2022 £'000	2021 £'000
Debtors (amounts due from brokers, prepayments and accrued income)	220	6,424
	220	**6,424**

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 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.

There were no past due or impaired assets as of 31 August 2022 (2021: nil). The major counterparties engaged with the Company are all widely recognised and regulated entities.

(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 £70 million or 15% of the Company's net assets (2021: lower of £52 million or 15% of the Company's net assets).

Liquidity risk exposure

The undiscounted gross cash outflows of the financial liabilities as at 31 August 2022 and 31 August 2021, based on the earliest date on which payment can be required, were as follows:

	2022 Within 1 year £'000	**2021 Within 1 year £'000**
Current liabilities:		
Bank overdraft	(182)	(27,721)
Creditors – amounts falling due within one year	(3,322)	(10,986)
	(3,504)	**(38,707)**

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.

Notes to the Financial Statements
continued

15. Risk management policies and procedures continued

(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 82.

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 than 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.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the Level 3 asset or liability including an assessment of the relevant risks including but not limited to credit risk, market risk, liquidity risk, business risk and sustainability risk. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager and these risks are adequately captured in the assumptions and inputs used in measurement of Level 3 asset or liability.

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 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	477,813	–	3	477,816
Total	**477,813**	**–**	**3**	**477,816**

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
Total	**682,774**	**–**	**–**	**682,774**

The Company held four Level 3 securities as at 31 August 2022 (2021: nil).

A reconciliation of fair value measurement in Level 3 is set out below.

Level 3 Financial assets at fair value through profit or loss	2022 £'000	2021 £'000
Opening fair value	–	–
Transfers from Level 1	3	–
Closing balance	**3**	**–**

As at 31 August 2022, the investments in Sberbank, Ozon Holdings, Lukoil and Fix Price Group have been valued at a nominal value of £0.01 as the secondary listings of depositary receipts of Russian companies have been suspended from trading.

For exchange listed equity investments, the quoted price is the bid price. Substantially, all investments are valued based on unadjusted quoted market prices. Where such quoted prices are readily available in an active market, such prices are not required to be assessed or adjusted for any business risks, including climate change risk, in accordance with the fair value related requirements of the Company's financial reporting framework.

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 2022 was £483,799,000 (2021: £651,731,000) 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 Investment Manager and AIFM

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 page 45.

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 2022 amounted to £4,884,000 (2021: £4,156,000). At the year end, £2,199,000 was outstanding in respect of these fees (2021: £2,376,000).

Notes to the Financial Statements

continued

17. Transactions with the Investment Manager and AIFM continued

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 year ended 31 August 2022 amounted to £130,000 excluding VAT (2021: £118,000). Marketing fees of £71,000 were outstanding at 31 August 2022 (2021: £64,000).

During the year, the Manager pays the amounts due to the Directors. These fees are then reimbursed by the Company for the amounts paid on its behalf. As at 31 August 2022, an amount of £149,000 was payable to the Manager in respect of Directors' fees (2021: £130,000).

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 51 and 53. At 31 August 2022, an amount of £14,000 (2021: £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 2022

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.
1.8	n/a	n/a

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

19. Contingent liabilities

There were no contingent liabilities at 31 August 2022 (2021: nil).

20. Subsequent events

Effective 3 October 2022, the overdraft facility was reduced to £60 million or 15% of the Company's net assets (at the time of drawdown), whichever is lower.

Additional information

Dutch specialty chemicals and ingredients distributor IMCD became one of the portfolio's top ten holdings by valuation during the year. The company has a strong geographic footprint in Europe and North America and a growing presence in Asia Pacific and Latin America.

PHOTO COURTESY OF IMCD

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.
November	Annual results and final dividend for year announced. Annual Report and Financial Statements published.
December	Annual General Meeting.
December	Final dividend paid.

Dividend – 2022

The proposed final dividend in respect of the year ended 31 August 2022 is 4.85p per share. The Board also declared an interim dividend of 1.75p per share which was paid on 17 June 2022 to shareholders on the register on 20 May 2022.

Ex-dividend date (shares transferred without the dividend)	17 November 2022
Record date (last date for registering transfers to receive the dividend)	18 November 2022
Last date for registering DRIP instructions	25 November 2022
Dividend payment date	16 December 2022

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 25 November 2022.

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, please go to www.computershare.com/dealing/uk for a range of dealing services made available by Computershare.

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 2022/2023 tax year investors have an annual ISA allowance of £20,000 (2021/2022: £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 other jurisdictions.

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.

Shareholder information

continued

- 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 2022

By type of holder

	Number of shares*	% of total 2022	% of total 2021	Number of holders	% of total 2022	% of total 2021
Direct private investors	23,192,437	22.8	25.3	6,852	95.0	92.0
Banks and nominee companies	77,551,369	76.2	73.7	293	4.1	7.1
Others	1,081,605	1.0	1.0	71	0.9	0.9
	101,825,411	**100.0**	**100.0**	**7,216**	**100.0**	**100.0**

By size of holding

	Number of shares*	% of total 2022	% of total 2021	Number of holders	% of total 2022	% of total 2021
1-5,000	10,834,342	10.6	12.2	5,736	79.5	79.4
5,001-100,000	16,853,786	16.6	19.2	1,394	19.3	19.6
100,001-1,000,000	20,867,275	20.5	20.0	70	1.0	0.9
1,000,001-5,000,000	28,299,830	27.8	8.0	13	0.2	0.1
Over 5,000,000	24,970,178	24.5	40.6	3	0.0	0.0
	101,825,411	**100.0**	**100.0**	**7,216**	**100.0**	**100.0**

* Excludes Treasury Shares of 16,103,527 and unsettled share buybacks into treasury of 126,558 shares as at 31 August 2022.

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
2022	**101,698,853**	**16,230,085**	**483,799**	**475.72**	**456.00**	**7,728**	**7.65**	**6.60**

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

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

Depositary, Custodian, Banker and Fund Accountant
The Bank of New York Mellon (International) Limited*
160 Queen Victoria Street
London EC4V 4LA

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

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

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

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

* Authorised and regulated by the Financial Conduct Authority.

AIFM Report on Remuneration

The below disclosures are made in respect of the remuneration policies of the BlackRock group ("BlackRock"), as they apply to BlackRock Fund Managers Limited (the "Manager"). The disclosures are made in accordance with the provisions in the UK implementing the Alternative Investment Fund Managers Directive (the "AIFMD"), the European Commission Delegated Regulation supplementing the AIFMD (the "Delegated Regulation") and the "Guidelines on sound remuneration policies under the AIFMD" issued by the European Securities and Markets Authority.

The BlackRock AIFM Remuneration Policy (the "AIFM Remuneration Policy") will apply to the EEA entities within the BlackRock group authorised as a manager of alternative investment funds in accordance with the AIFMD, and will ensure compliance with the requirements of Annex II of the AIFMD and to UK entities within the BlackRock group authorised as a manager of a UK alternative investment fund in accordance with the AIFMD as implemented, retained and onshored in the UK.

The Manager has adopted the AIFM Remuneration Policy, a summary of which is set out below.

Remuneration Governance

BlackRock's remuneration governance in EMEA operates as a tiered structure which includes: (a) the Management Development and Compensation Committee ("MDCC") (which is the global, independent remuneration committee for BlackRock, Inc. and (b) the Manager's board of directors (the "Manager's Board"). These bodies are responsible for the determination of BlackRock's remuneration policies.

(a) MDCC
The MDCC's purposes include:

- providing oversight of:
  - BlackRock's executive compensation programmes;
  - BlackRock's employee benefit plans; and
  - such other compensation plans as may be established by BlackRock from time to time for which the MDCC is deemed as administrator;
- reviewing and discussing the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management and approving the MDCC's report for inclusion in the proxy statement;
- reviewing, assessing and making reports and recommendations to the BlackRock, Inc. Board of Directors (the 'BlackRock, Inc. Board') as appropriate on BlackRock's talent development and succession planning, with the emphasis on performance and succession at the highest management levels; and
- supporting the boards of the Company's EMEA regulated entities in meeting their remuneration-related obligations by overseeing the design and implementation of EMEA remuneration policy in accordance with applicable regulations.

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, who has no relationship with BlackRock Inc. or the BlackRock, Inc. Board that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The BlackRock, Inc. Board has determined that all of the members of the MDCC are "independent" within the meaning of the listing standards of the New York Stock Exchange (NYSE), which requires each meet a "non-employee director" standard.

The MDCC held 8 meetings during 2021. The MDCC charter is available on BlackRock, Inc.'s website (www.blackrock.com).

(b) The Manager's Board
The Manager's Board has the task of supervising and providing oversight of the AIFM Remuneration Policy as it applies to the Manager and its Identified Staff.

Decision-making process
Remuneration decisions for employees are made once annually in January following the end of the performance year. This timing allows full-year financial results to be considered along with other non-financial goals and objectives. Although the framework for remuneration decision-making is tied to financial performance, significant discretion is used to determine individual variable remuneration based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual remuneration amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award. The variable remuneration awarded to any individual(s) for a particular performance year may also be zero.

Annual incentive awards are paid from a bonus pool.

The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after year-end. As part of this review, the MDCC receives actual and projected financial information over the course of the year as well as final year-end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of BlackRock's financial performance (e.g., net inflows of AUM and investment performance) as well as information regarding market conditions and competitive compensation levels.

The MDCC regularly considers management's recommendation as to the percentage of preincentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

As part of the year-end review process the Enterprise Risk and Regulatory Compliance departments report to the MDCC on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

Control functions

Each of the control functions (Enterprise Risk, Legal & Compliance, and Internal Audit) has its own organisational structure which is independent of the business units. The head of each control function is either a member of the Global Executive Committee ("GEC"), the global management committee, or has a reporting obligation to the board of directors of BlackRock Group Limited, the parent company of all of BlackRock's EMEA regulated entities, including the Manager.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the MDCC.

Link between pay and performance

There is a clear and well defined pay-for-performance philosophy and compensation programmes which are designed to meet the following key objectives as detailed below:

- appropriately balance BlackRock's financial results between shareholders and employees;
- attract, retain and motivate employees capable of making significant contributions to the long-term success of the business;
- align the interests of senior employees with those of shareholders by awarding BlackRock Inc.'s stock as a significant part of both annual and long-term incentive awards;
- control fixed costs by ensuring that compensation expense varies with profitability;
- link a significant portion of an employee's total compensation to the financial and operational performance of the business;
- promote sound and effective risk management across all risk categories, including sustainability risk;
- discourage excessive risk-taking (sustainability related or otherwise); and
- ensure that client interests are not negatively impacted by remuneration awarded on a short-term, mid-term and/or long-term basis.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but don't pre-determine compensation outcomes. Compensation decisions remain discretionary and are made as part of the year-end compensation process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- factors relevant to an employee individually; relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);
- the management of risk within the risk profiles appropriate for BlackRock's clients;
- strategic business needs, including intentions regarding retention;
- market intelligence; and
- criticality to business.

AIFM Report on Remuneration

continued

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Remuneration practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

BlackRock operates a total compensation model for remuneration which includes a base salary, which is contractual, and a discretionary bonus scheme.

BlackRock operates an annual discretionary bonus scheme. Although all employees are eligible to be considered for a discretionary bonus, there is no contractual obligation to make any award to an employee under its discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above (under the heading "Link between pay and performance") may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion paid in BlackRock, Inc. stock and subject to additional vesting/clawback conditions. Stock awards are subject to further performance adjustment through variation in BlackRock, Inc.'s share price over the vesting period. As total annual compensation increases, a greater portion is deferred into stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the compensation package for eligible employees, including the executive officers. The portion deferred into stock vests into three equal instalments over the three years following grant.

Supplementary to the annual discretionary bonus as described above, equity awards may be made to select individuals to provide greater linkage with future business results. These long-term incentive awards have been established individually to provide meaningful incentive for continued performance over a multi-year period recognising the scope of the individual's role, business expertise and leadership skills.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the "BlackRock Performance Incentive Plan" ("BPIP"). Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin[1] and Organic Revenue Growth[2]. Determination of pay-out will be made based on the firm's achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where the firm's financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure across market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have "skin in the game" through significant personal investments.

Identified Staff

The AIFM Remuneration Policy sets out the process that will be applied to identify staff as Identified Staff, being categories of staff of the Manager, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages.

The list of Identified Staff will be subject to regular review, being formally reviewed in the event of, but not limited to:

- organisational changes;
- new business initiatives;
- changes in significant influence function lists;
- changes in role responsibilities; and
- revised regulatory direction.

[1] As Adjusted Operating Margin: As reported in BlackRock's external filings, reflects adjusted Operating Income divided by Total Revenue net of distribution and servicing expenses and amortisation of deferred sales commissions.

[2] Organic Revenue Growth: Equal to net new base fees plus net new Aladdin revenue generated in the year (in dollars).

Quantitative Remuneration Disclosure

The Manager is required under the AIFMD to make quantitative disclosures of remuneration. These disclosures are made in line with BlackRock's interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops BlackRock may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other BlackRock fund disclosures in that same year.

Disclosures are provided in relation to (a) the staff of the Manager; (b) staff who are senior management; and (c) staff who have the ability to materially affect the risk profile of the Fund, including individuals who, although not directly employed by the Manager, are assigned by their employer to carry out services directly for the Manager.

All individuals included in the aggregated figures disclosed are rewarded in line with BlackRock's remuneration policy for their responsibilities across the relevant BlackRock business area. As all individuals have a number of areas of responsibilities, only the portion of remuneration for those individuals' services attributable to the Fund is included in the aggregate figures disclosed.

Members of staff and senior management of the Manager typically provide both AIFMD and non-AIFMD related services in respect of multiple funds, clients and functions of the Manager and across the broader BlackRock group. Therefore, the figures disclosed are a sum of each individual's portion of remuneration attributable to the Manager according to an objective apportionment methodology which acknowledges the multiple-service nature of the Manager. Accordingly the figures are not representative of any individual's actual remuneration or their remuneration structure.

The amount of the total remuneration awarded by the Manager to its staff which has been attributed to the Manager's AIFMD-related business in respect of the Manager's financial year ending 31 December 2021 is £79.7 million. This figure is comprised of fixed remuneration of £1.6 million and variable remuneration of £78.1 million. There were a total of 67 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the Manager, which has been attributed to the Manager's AIFMD-related business in respect of the Manager's financial year ending 31 December 2021, to its senior management was £0.1 million, and to members of its staff whose actions have a material impact on the risk profile of the Manager's AIFMD-related business was £79.6 million.

Other AIFMD disclosures

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 previous pages.

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 2022	**Gross leverage as at 31 August 2022**
Leverage ratio	1.00	1.00

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 on pages 90 to 97.

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
3 November 2022

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 1,945,000 ordinary shares from treasury during the year with a total nominal value of £1,945 which were issued at an average price of 644.47p per share for a net consideration of £12,535,000. The Company also allotted 4,300,000 new ordinary shares during the year with a total nominal value of £4,300 at an average price of 698.02p for a net consideration of £30,015,000. 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	60	6,245,000	589.75 – 728.00	42,550,000	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.

For and on behalf of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
3 November 2022

Glossary

Alternative Performance Measure (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 Report and Financial Statements.

Closed-end company

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

Discount and premium*

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

As at 31 August 2022, the share price was 456.00p (31 August 2021; 692.00p) and the NAV was 475.72p (31 August 2021: 678.49p); therefore the discount was 4.1% (31 August 2021: premium of 2.0%) (please see note 9 of the financial statements on page 87 for the inputs to the calculation).

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 370.00p and the NAV was 365.00p, the premium would be 1.4%.

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

Gearing and borrowings*

Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a 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 the 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 2022 £'000**	**31 August 2021 £'000**	
Net assets	79	483,799	651,731	(a)
Borrowings	79	182	27,721	(b)
Total assets (a + b)		483,981	679,452	(c)
Current assets[1]	79	9,487	7,664	(d)
Current liabilities (excluding borrowings)	79	(3,322)	(10,986)	(e)
Net current assets/(liabilities) (d + e)		6,165	(3,322)	(f)
Net gearing (g = (c - f - a)/ a)		**nil**	**4.8%**	**(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:

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

* Alternative Performance Measure.

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

Net asset value per share (Capital only NAV)*

The capital only NAV is a 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 calculated by dividing 'equity shareholders' funds' (excluding current period revenue) by the total number of ordinary shares in issue.

As at 31 August 2022, equity shareholders' funds less the current year net revenue return (after interim dividends) amounted to £477,861,000 (31 August 2021: £649,676,000) and there were 101,698,853 (31 August 2021: 96,055,411) ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 469.88p (31 August 2021: 676.36p).

Equity shareholders' funds (excluding current period revenue) of £477,861,000 (31 August 2021: £649,676,000) are calculated by deducting from the Company's net assets (£483,799,000) (31 August 2021: £651,731,000) its current period revenue (£7,728,000) (31 August 2021: £3,595,000) and adding back the interim dividends (£1,790,000) (31 August 2021: £1,540,000) 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 2022, equity shareholders' funds were worth £483,799,000 (31 August 2021: £651,731,000) and there were 101,698,853 (31 August 2021: 96,055,411) ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 475.72p (31 August 2021: 678.49p) per ordinary share (please see note 9 of the financial statements for the audited inputs to the calculations).

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

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

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

NAV total return	Page	31 August 2022	31 August 2021	
Closing NAV per share (pence)	87	475.72	678.49	
Add back interim and final dividends (pence)	86	6.30	6.15	
Effect of dividend reinvestment (pence)		(1.46)	2.46	
Adjusted closing NAV (pence)		480.56	687.10	(a)
Opening NAV per share (pence)	87	678.49	459.97	(b)
NAV performance (c = ((a – b)/b)) (%)		**(29.2)**	**49.4**	**(c)**

Share total return	Page	31 August 2022	31 August 2021	
Closing share price (pence)	87	456.00	692.00	
Add back interim and final dividends (pence)	86	6.30	6.15	
Effect of dividend reinvestment (pence)		(1.56)	2.84	
Adjusted closing share price (pence)		460.74	700.99	(a)
Opening share price (pence)	87	692.00	447.00	(b)
Share price performance (c = ((a – b)/b)) (%)		**(33.4)**	**56.8**	**(c)**

* Alternative Performance Measure.

Glossary
continued

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 management fee and all other operating expenses (excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, write back of prior year expenses 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 2022 £'000	31 August 2021 £'000	
Management fee	83	4,884	4,156	
Other operating expenses[1]	84	749	787	
Total management fee and other operating expenses		5,635	4,943	(a)
Average daily net assets in the year		576,678	482,454	(b)
Ongoing charges (c = a/b)		**0.98%**	**1.02%**	**(c)**

[1] Excluding non-recurring expenses relating to legal work for the aborted issuance of a long-dated loan note of £117,000 and the write back of prior year expenses totaling £55,000.

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

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

Revenue profit and revenue reserves
Revenue profit is the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Company. The revenue reserve is the undistributed income that the Company keeps as reserves. Investment trusts do not have to distribute all the income they generate, after expenses.

They may retain up to 15% of revenue generated which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

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

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

		31 August 2022	31 August 2021	
Interim and final dividends paid/payable (pence)[1]	86	6.60	6.30	(a)
Ordinary share price (pence)		456.00	692.00	(b)
Yield (c = a/b) (%)		**1.4**	**0.9**	**(c)**

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

* Alternative Performance Measure.


DSV

Annual general meeting

Danish freight forwarding and logistics specialist DSV was the portfolio's largest industrials holding at year end. Its capable management team has a strong track record of creating value through acquisitions.

PHOTO COURTESY OF DSV

Notice of annual general meeting

Notice is hereby given that the eighteenth Annual General Meeting of BlackRock Greater Europe Investment Trust plc will be held at 12 Throgmorton Avenue, London EC2N 2DL on Thursday, 8 December 2022 at 12.00 noon to consider and, if thought fit, pass Resolutions 1 to 11 inclusive as ordinary resolutions and Resolutions 12 to 15 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 48 and 49.

Ordinary business

1. To receive the report of the Directors and the financial statements for the year ended 31 August 2022, together with the report of the auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 August 2022, excluding the remuneration policy of the Company.

3. To declare a final dividend for the year ended 31 August 2022 of 4.85p 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 elect Mr I R Sayers as a Director.

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

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

Special business

Ordinary resolution

11. That, in substitution for all existing authorities, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot relevant securities in the Company (as described in that section) up to an aggregate nominal amount of £10,100 (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 2023, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

Special resolutions

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

    (a) allot up to 10,100,016 ordinary shares of 0.1p each in the Company (Ordinary Shares) with a maximum nominal amount of £10,100 (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 10,100,016 Ordinary Shares with a maximum nominal amount of £10,100 (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 2023, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot such Ordinary Shares pursuant to any such offer or agreement as if the power conferred hereby had not expired.

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

make market purchases of Ordinary Shares (within the meaning of Section 693 of the Act) provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 15,139,924 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 8 December 2022;

(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 2023 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry.

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

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

(ii) cancelled immediately upon completion of the purchase.

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

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 20,200,032 or, if less, that number of Ordinary Shares which is equal to 20% of the Ordinary Shares in issue as at 31 May 2023 (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 2023; and

(c) the authority hereby conferred shall expire on 31 July 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.

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

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 20,200,032 or, if less, that number of Ordinary Shares which is equal to 20% of the Ordinary Shares in issue as at 30 November 2023 (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 2023; and

(c) the authority hereby conferred shall expire on 31 January 2024 (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
3 November 2022

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 6 December 2022. 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 6 December 2022.
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 6 December 2022 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 3 November 2022 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital comprised 101,000,161 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 3 November 2022 is 101,000,161.
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!

SGN001

Contents

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Contents

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