BLACKROCK LATIN AMERICAN INVESTMENT TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2014

BLACKROCK®

Investment Approach

- As an actively managed fund our aim is to outperform comparable funds and the benchmark index – the MSCI EM Latin America – over the medium to long term and so our portfolio and performance will diverge from the returns obtained simply by investing in the index.
- The portfolio will be chosen from a spread of companies which are listed in, or whose main activities are in, Latin America.
- As a closed-end Company we are able to adopt a longer term investment horizon, and therefore may when appropriate have a higher proportion of less liquid mid and smaller capitalisation companies than comparable open ended funds.
- The Board actively seeks to maintain tight control over the level and volatility of the discount between share price and the net asset value (NAV).
- We will selectively employ gearing with the aim of enhancing returns, and in normal market conditions net gearing will not ordinarily exceed 25% of net assets.
- We aim to increase the dividend over time.

Further information

Further details about the Company, including the latest annual and interim reports, fact sheets and stock exchange announcements, are available on the website at blackrock.co.uk/brla

BlackRock Latin American Investment Trust plc

The Company's objective is to secure long term capital growth and an attractive total return primarily through investing in quoted securities in Latin America.

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The Association of Investment Companies

A MEMBER OF THE ASSOCIATION OF INVESTMENT COMPANIES

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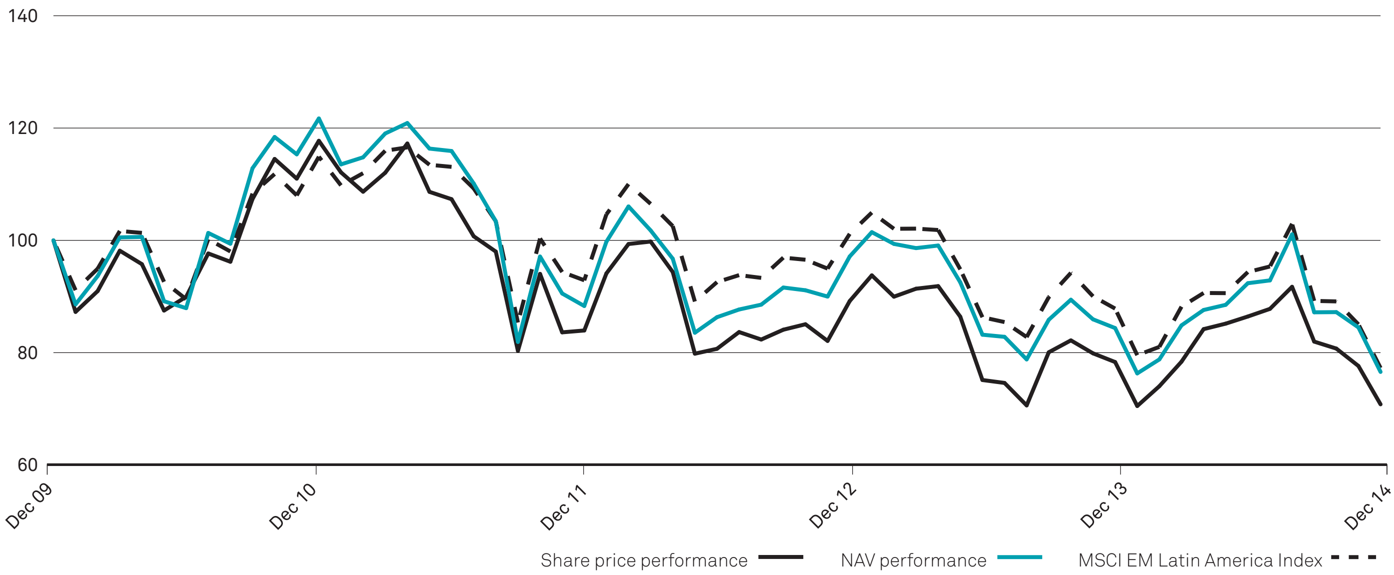
FINANCIAL HIGHLIGHTS

Attributable to ordinary shareholders	As at 31 December 2014	As at 31 December 2013	Change %
Assets			
Net assets (US$'000)*	276,423	315,345	-12.3
Net asset value per ordinary share (US$ cents)	702.12	800.99	-12.3
– with income reinvested			-9.3
Ordinary share price (mid-market) (US$ cents)**	624.50	719.25	-13.2
– with income reinvested			-9.6
Ordinary share price (mid-market) (pence)	400.50	434.25	-7.8
– with income reinvested			-4.0

* The change in net assets reflects market movements.
** Based on an exchange rate of 1.5593 (2013: 1.6563).

	Year ended 31 December 2014	Year ended 31 December 2013	Change %
Revenue			
Net revenue after taxation (US$'000)	12,384	9,905	25.0
Revenue return per ordinary share (US$ cents)	31.46	24.83	26.7
Dividends			
Interim dividend per ordinary share (US$ cents)	15.00	15.00	–
Final dividend per ordinary share (US$ cents)	15.00	15.00	–
Total dividends per ordinary share (US$ cents)	30.00	30.00	–

PERFORMANCE FROM 31 DECEMBER 2009 TO 31 DECEMBER 2014



Sources: BlackRock and Datastream.
Performance in US Dollar terms, rebased to 100, with income reinvested.

Overview

Ten year record

Year ended 31 December	Net assets attributable to ordinary shareholders US$'000	Net asset value per ordinary share – debt at fair value[1] cents	Ordinary share price cents	Premium/ (discount) %	Return per ordinary share cents	Dividends per ordinary share cents	Effective gearing[2] %	Total expense ratio/ongoing charges[3] %
2005	403,252	544.0	484.0	(11.0)	10.98	9.00	(1.1)	1.6
2006	374,206	783.0	758.4	(3.1)	8.81	9.00	0.6	1.5
2007	533,281	1,115.9	1,082.9	(3.0)	12.47	9.50	0.4	1.2
2008	220,064	464.4	424.1	(8.7)	15.31	12.00	4.5	1.0
2009	443,410	1,011.5	1,037.5	2.6	18.57	15.00	8.5	1.4
2010	524,501	1,196.4	1,200.1	0.3	28.62	24.00	11.8	1.2
2011	391,550	893.1	836.9	(6.3)	35.39	30.00	9.4	1.3
2012	399,713	964.7	861.5	(10.7)	26.50	30.00	8.8	1.2
2013	315,345	801.0[4]	719.3	(10.2)	24.83	30.00	2.0[4]	1.1
2014	276,423	702.1	624.5	(11.1)	31.46	30.00	(2.4)	1.2

1. In accordance with accounting policy 2(k).
2. Effective gearing is redeemable shares, loans, convertible bonds at par value (from 15 September 2009 to 16 October 2013), overdrafts less cash and fixed interest stocks as a percentage of net assets.
3. Based on average net assets for the year. Effective from 2011, the ongoing charges ratio is calculated in accordance with the AIC recommended methodology.
4. Convertible bonds were repaid, redeemed or converted in 2013.

Overview

Chairman's statement

I am pleased to present the annual report to shareholders for the year ended 31 December 2014.

MARKET OVERVIEW

With the exception of the US, it has been a difficult year for investors in global equities generally and most markets have failed to generate attractive returns. Latin American stock markets have been held back by political uncertainty and a decline in the rate of Chinese economic growth, which has dampened demand for many of the region's key commodity exports and this in turn has contributed to lacklustre growth domestically. US Dollar-based investors have also had to contend with a deterioration in value of most of the region's principal currencies.

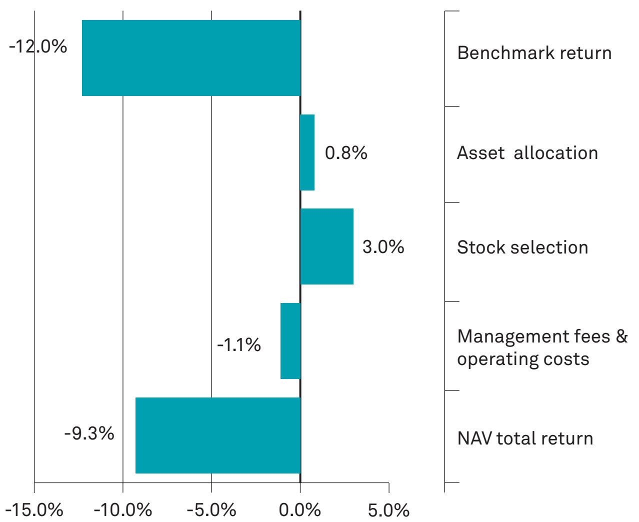
Although the prospect of political change in Brazil briefly improved sentiment over the summer, the outcome of the Presidential elections and the sharp sell-off in commodities at the end of the year subsequently undermined investor confidence.

PERFORMANCE

Over the year ended 31 December 2014 the Company's net asset value (NAV) returned -9.3% in US Dollar terms (-3.7% in Sterling terms) compared with a benchmark return of -12.0% (-6.6% in Sterling terms). The share price returned -9.6% in US Dollar terms (-4.0% in Sterling terms). (All percentages calculated with income reinvested.) Details of the factors affecting performance are set out in the Investment Manager's Report.

Since 31 December 2014 and up to the close of business on 20 February 2015, the Company's NAV has decreased by 2.9% in Sterling terms and by 4.2% in US Dollar terms. The share price has decreased by 5.2% in Sterling terms and by 6.6% in US Dollar terms.

CONTRIBUTION TO TOTAL RETURN FOR THE YEAR ENDED 31 DECEMBER 2014



Source: BNY Mellon.

BNY Mellon provide Performance Attribution based on a Brinson Fachler daily transactions-based methodology. This service is in line with GIPS recommendations but may not be considered to be of audit quality, the analysis is considered to be useful management information.

REVENUE RETURN AND DIVIDENDS

The revenue return for the year was 31.46 cents per share (2013: 24.83 cents per share). The Board is pleased to recommend a final dividend of 15.00 cents per share (2013: 15.00 cents per share) which will be payable on 6 May 2015 to shareholders on the register as at 27 March 2015. This makes a total dividend of 30.00 cents per share (2013: 30.00 cents per share) for the year.

ANNUAL GENERAL MEETING

The AGM will be held at 12.00 noon on Thursday, 30 April 2015 at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL. We hope that as many shareholders as possible will attend. Following the AGM there will be a presentation by Will Landers, the Portfolio Manager, on the outlook for the year ahead and an opportunity to meet Will and the Directors.

ALTERNATIVE INVESTMENT FUND MANAGERS' DIRECTIVE (AIFMD)

Following a change in regulation, BlackRock Fund Managers Limited (BFM) was appointed as the Company's Alternative Investment Fund Manager (AIFM or Manager) on 2 July 2014. The Board has also appointed BNY Mellon Trust & Depositary (UK) Limited to act as the Company's Depositary (Depositary or BNYMTD). In complying with its new regulatory obligations, the Board continues to act independently of the AIFM and the arrangements in respect of the management fee remain unchanged. BlackRock Investment Management (UK) Limited (BIM (UK)) continues to act as the Company's Investment Manager under a delegation agreement with BFM.

OUTLOOK

The unwinding of the commodity boom has severely tested the thesis that Latin America has managed to escape its historic role as a geared play on global economic growth, highly dependent on energy and resource exports to sustain respectable economic growth and viable government finances.

Many of the hoped-for benefits of Mexico's recent reform programme have taken longer to emerge than initially expected. In Brazil, although there have been some changes to key ministries, recent corruption investigations seem likely to cloud the momentum behind much needed structural reforms.

In this context it is worth restating that we do not invest in the most "problematic" countries in Latin America with extreme populist governments, and we have not recently held shares in any companies whose operations are primarily in Argentina.

However, despite this uninspiring backdrop, the region contains many dynamic and well managed companies capable of generating attractive shareholder returns, and which are less dependent on the progress of the global economy overall. Our Manager is focused on assembling a diversified portfolio of attractive companies which operate in the region, sourced from a wide range of stock markets. Current valuations are not demanding and offer value to the long term investor.

PETER BURNELL
Chairman
24 February 2015

Overview

Strategic report

The Directors present the strategic report of the Company for the year ended 31 December 2014.

OBJECTIVE

The Company's objective is to secure long term capital growth and an attractive total return primarily through investing in quoted securities in Latin America.

STRATEGY, BUSINESS MODEL AND INVESTMENT POLICY

Our strategy is that the portfolio will be chosen from a spread of companies which are listed in, or whose main activities are in, Latin America.

As an actively managed fund our aim is to outperform comparable funds and the benchmark index over the medium to long term and consequently our portfolio and performance will diverge from the returns obtained simply by investing in the index.

As a closed-end Company we are able to adopt a longer term investment horizon, and therefore may, when appropriate have a higher proportion of less liquid mid and smaller capitalisation companies than comparable open-ended funds.

The portfolio is subject to a number of geographical restrictions relative to the benchmark index but the Investment Manager is not constrained from investing outside the index. For Brazil, Mexico, Chile, Argentina, Peru, Colombia and Venezuela, the portfolio weighting is limited to plus or minus 20 percentage points of the index weighting for each of those countries. For all other Latin American countries the limit is plus or minus 10 percentage points of the index weighting. Additionally, the Company may invest in the securities of quoted companies whose main activities are in Latin America but which are not established or incorporated in the region or quoted on a local exchange.

As at 31 December 2014, the Company held 62 investments (excluding call options and outperformance warrants). The Company had 6 unquoted investments. A detailed analysis of these investments and the sector and geographical allocations are provided on pages 12 to 16.

The Company's policy is that up to 10% of the gross assets of the portfolio may be invested in unquoted securities.

The Company will not hold more than 15% of the market capitalisation of any one company and no more than 15% of the Company's investments will be held in any one company as at the date any such investment is made.

No more than 15% of the gross assets of the portfolio shall be invested in other UK listed investment companies (including other investment trusts).

The Company may deal in derivatives (including options, futures and forward currency transactions) for the purposes of efficient portfolio management (i.e. for the purpose of reducing, transferring or eliminating investment risk in the underlying investments of a collective investment undertaking, including any technique or instrument used to provide protection against exchange and credit risks). Call options are also used for income generation purposes, no more than 20% of the Company's portfolio by value may be under option at any given time.

The Company may underwrite or sub-underwrite any issue or offer for sale of investments. No such commitment will be entered into if, at that time, the aggregate of such investments would exceed 10% of the net asset value of the Company or any such individual investment would exceed 3% of the net asset value of the Company.

The Company may, from time to time, use borrowings to gear its investment portfolio or in order to fund the market purchase of its own ordinary shares. Under the Company's Articles of Association, the net borrowings of the Company may not exceed 100% of the Company's adjusted capital and reserves. However, net borrowings are not expected to exceed 25% of net assets under normal circumstances. The Investment Manager may also hold cash or cash-equivalent securities when it considers it to be advantageous to do so.

The Company's financial statements will be maintained in US Dollars. Although many investments are likely to be denominated and quoted in currencies other than in US Dollars, the Company does not currently employ a hedging policy against fluctuations in exchange rates.

No material change will be made to the Company's investment policy without shareholder approval.

DISCOUNT CONTROL MECHANISM

The Directors recognise that it is in the long term interests of shareholders that shares do not trade at a significant discount to their prevailing NAV.

A special resolution was passed at the AGM of the Company held on 30 April 2014, granting the Directors authority to make market purchases of the Company's ordinary shares to be held, sold, transferred or otherwise dealt with as treasury shares or cancelled upon completion of the purchase.

On 23 August 2013 the Board introduced a new discount control policy, which, in their view, is better suited to the longer term interests of the Company and its shareholders. If the biennial continuation vote is approved by shareholders on each occasion, and if (i) the Company has underperformed the benchmark index on a US Dollar total return basis by more than 1% per annum over the previous two financial years and (ii) if the discount to the cum income NAV has on average exceeded 5% over the same two year period, with effect from the Annual General Meeting to take place in April 2016, the Board will implement a tender offer for 24.99% of the ordinary shares in issue (excluding treasury shares). The tender price will be the cum income NAV (less 2% to cover the costs of the tender offer).

The Directors continue to monitor the discount at which the ordinary shares trade to their prevailing NAV and in the year to 31 December 2014, the cum income discount of the ordinary shares has averaged 10.2% and has ranged from 6.6% to 13.7%.

PERFORMANCE

Details of the Company's performance are set out in the Chairman's Statement on page 5.

The Investment Manager's Report on pages 9 to 11 forms part of this Strategic Report and includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

PORTFOLIO ANALYSIS

A detailed analysis of the portfolio has been provided on pages 13 to 15.

RESULTS AND DIVIDENDS

The results for the Company are set out in the Income Statement on page 40. The total loss for the year on ordinary activities, after taxation, was US$27,112,000 (2013: a loss of US$48,978,000) of which the revenue return amounted to US$12,384,000 (2013: US$9,905,000), and the capital loss amounted to US$39,496,000 (2013: a loss of US$58,883,000).

The Directors recommend the payment of a final dividend as set out in the Chairman's Statement on page 5.

KEY PERFORMANCE INDICATORS

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

	2014	2013
Change in net asset value[1]	-9.3%	-13.1%
Change in share price[1]	-9.6%	-12.2%
Change in benchmark index[1]	-12.0%	-13.2%
Discount to net asset value	11.1%	10.2%
Revenue return per share – basic (cents)	31.46	24.83
Ongoing charges[2]	1.2%	1.1%

1. Calculated in US Dollar terms with income reinvested.
2. Calculated as a percentage of average shareholders' funds and using expenses, excluding finance costs.

The Board regularly reviews a number of indices and ratios to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. The Board also reviews the performance and ongoing charges of the Company against a peer group of Latin American open and closed-end funds.

As detailed above, the Directors recognise that it is in the long term interests of shareholders that shares do not trade at a significant discount to their prevailing NAV.

PRINCIPAL RISKS

The key risks faced by the Company are set out below. The Board regularly reviews and agrees policies for managing each risk, as summarised below.

- Performance risk – The Board is responsible for deciding the investment strategy to fulfil the Company's objectives and monitoring the performance of the Investment Manager. An inappropriate strategy may lead to poor performance. To manage this risk the Investment Manager provides an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio. The Board monitors and maintains an adequate spread of investments in order to minimise the risks associated with particular countries or factors specific to individual companies and sectors, based on the diversification requirements inherent in the Company's investment policy.

- Income/dividend risk – The amount of dividends and future dividend growth will depend on the Company's underlying portfolio. Any change in the tax treatment of the income received by the Company (including, as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests) may reduce the level of dividends received by shareholders. The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting.

- Market risk – Arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements. There may be exposure to significant economic, political and currency risks due to the location of the operation of the businesses in which the Company may invest. Shares in businesses in which the Company invests can prove volatile and this may be reflected in the Company's share price. The Board considers asset allocation, stock selection, unquoted investments, if any, 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.

- Liquidity risk – Investments in the Company's portfolio are subject to liquidity risk, particularly from any unquoted investments. The Company may also invest in smaller capitalisation companies or in the securities markets of developing countries which are not as large as the more established securities markets and have substantially less trading volume, which may result in a lack of liquidity and higher price volatility.

- Financial risk – The Company's investment activities expose it to a variety of financial risks which include market risk, foreign currency risk, credit risk and interest rate risk.

  Further details are disclosed in note 19 on pages 54 to 61, together with a summary of the policies for managing these risks.

- Regulatory risk – The Company operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. The Investment Manager monitors the amount of retained income to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached and the results are reported to the Board at each meeting. Following authorisation under the Alternative Investment Fund Managers' Directive (AIFMD), the Company and its appointed Alternative Investment Fund Manager (AIFM or Manager) are subject to the risks that the requirements of this Directive are not correctly complied with. The Board and Manager also monitor changes in government policy and legislation which may have an impact on the Company.

- Operational risk – In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by the Manager, BNY Mellon Trust & Depositary (UK) Limited (the Depositary) and the Bank of New York Mellon (International) Limited, who maintain the Company's accounting records. The security of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements, depends on the effective operation of these systems. These have been regularly tested and monitored throughout the year as evidenced through their Service Organisation Control (SOC) report and are reported on by their service auditors which gives assurance regarding the effective operation of controls.

FUTURE PROSPECTS

The Board's main focus is the achievement of capital growth and an attractive total return. The future of the Company is dependent upon the success of the investment strategy. The outlook for the Company is discussed in both the Chairman's Statement and the Investment Manager's Report.

SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

As an investment trust with no employees, the Company has no direct social or community responsibilities or impact on the environment. However, the Company believes that it is in shareholders' interests to consider human rights issues, environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on page 28.

DIRECTORS AND EMPLOYEES

The Directors of the Company on 31 December 2014, all of whom held office throughout the year, are set out in the governance structure and Directors' biographies on page 17. The Board consists of four men and one woman. The Company does not have any employees.

The information set out on pages 9 to 16, including the Investment Manager's Report, forms part of the Strategic Report.

The Strategic Report was approved by the Board at its meeting on 24 February 2015.

BY ORDER OF THE BOARD

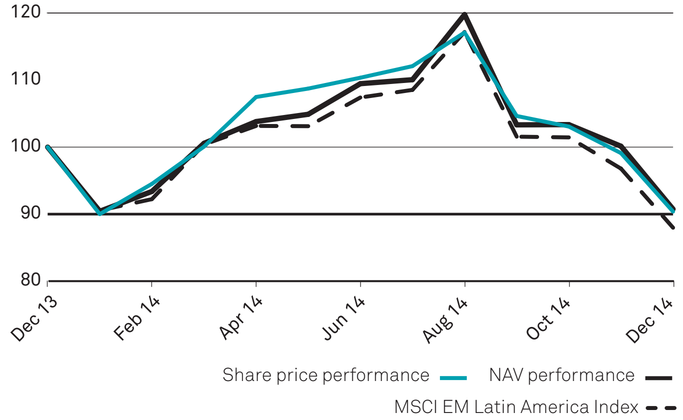
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
24 February 2015

Performance

Investment manager's report

MARKET OVERVIEW

PERFORMANCE FROM 1 JANUARY 2014 TO 31 DECEMBER 2014



Sources: BlackRock and Datastream.
Performance in US Dollar terms, rebased to 100, with income reinvested.

2014 was a difficult year for Latin American equity markets as they lagged both developed markets and global emerging markets. Three of the last four years have seen Latin America post negative returns for the full calendar year. Some of the main factors impacting Latin America's performance during 2014 included, growth concerns in China and their impact on the region's commodity exports, US Dollar strength causing Latin American currencies to devalue, lower than forecast economic growth in most countries in the region, and a sharp decline in commodity prices, especially oil, during the last quarter of 2014.

The early part of 2014 saw a continuation of the correction in Latin American equity markets that had begun in November 2013. In January 2014 the market was negatively impacted by the devaluation in Argentina's Peso, fiscal concerns in Brazil and lower commodity prices. The market then stabilised in mid-March 2014 when currency performance improved, better than expected economic numbers for 2013 were reported from Brazil and Colombia and there was a reversal in certain commodity prices such as iron ore. Markets were also encouraged by the increasing possibility of an opposition victory in Brazil's Presidential elections in October. Positive momentum continued throughout the middle of the year and the region gained almost 32% to the early part of September (with Brazilian politics and the prospect for a change of government being the main driver).

Brazil's Presidential elections dominated the headlines as well as market movements, starting in mid-March when published polls started to show falling satisfaction with the Rousseff administration. Towards the end of the third quarter of 2014 there was an increase in volatility as a result of the deterioration in the polls, as the market began pricing in the re-election of President Rousseff. As we moved into the fourth quarter of 2014, Latin America was negatively impacted by declines in commodity prices, especially in oil and iron ore. Falling commodity prices together with slowing growth led to currency weakness across the region, contributing to the weaker equity returns for the quarter, as well as the full year, in US Dollar terms. Brazilian equities recovered somewhat in late November following the announcement of a market friendly Finance and Planning Ministers as well as the continuation of the current Central Bank president. November also saw the end of 'Quantitative Easing 3' in the United States and the decision by OPEC not to cut oil production. The latter sent the price of oil tumbling, ultimately dragging markets lower and putting pressure on oil producing countries such as Colombia and Mexico.

During 2014, Brazil's equity market was one of the worst performers in Latin America. Low GDP growth, lower earnings growth than the previous year, political uncertainty and currency weakness all contributed to the weakness in Brazil's equity market. The Brazilian Central Bank raised interest rates by a total of 1.75% during the year, ending at 11.75%. This tightening cycle started in early 2013 with the final 100 basis points of a 375 basis points increase completed by May 2014. The final two moves, amounting to 75 basis points, were effected after the October elections.

YEAR TO 31 DECEMBER 2014 PERFORMANCE FIGURES

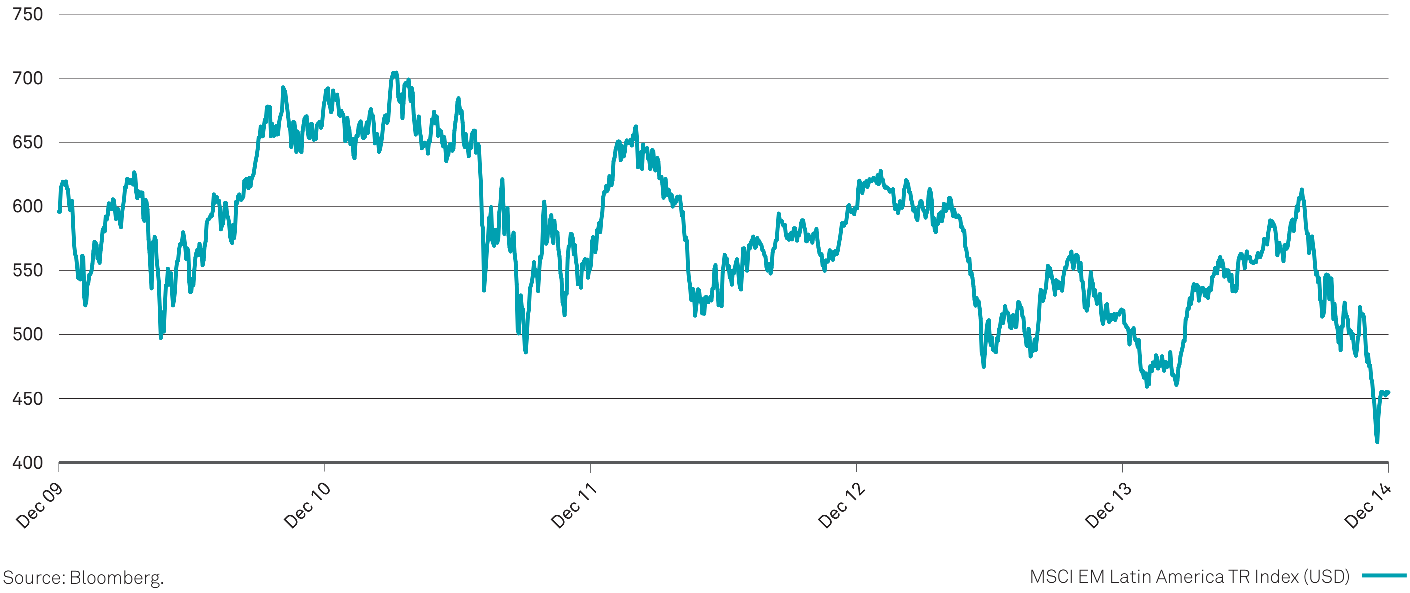
	MSCI Indices % Change	Currency (% vs. USD)	Local Indices % Change in USD
Argentina	+17.3	-23.0	+22.6 (Merval)
Brazil	-17.4	-11.1	-13.7 (Ibovespa)
Chile	-14.5	-13.4	-10.3 (IGPA)
Colombia	-22.3	-18.8	-27.7 (IGBC)
Mexico	-10.2	-11.6	-10.8 (IPC)
Peru	+9.2	-6.1	-11.9 (IGBVL)
MSCI Latin America	-14.8	CRB Index	-17.9
MSCI Emerging Asia	+2.5	Oil (WTI)	-45.9
MSCI Emerging Markets	-4.6	Gold	-1.7
MSCI World	+2.9	Copper	-13.7
S&P 500	+11.4	Corn	-4.8
MSCI Europe	-8.6	Soybeans	-22.1

Sources: MSCI, Bloomberg, UBS and BlackRock (all figures in US Dollar terms and on a capital only basis).

Performance

Investment manager's report continued

MSCI LATIN AMERICA TOTAL RETURN INDEX 2014



Source: Bloomberg.

Mexico was one of the better performing markets during the year on a relative basis while its currency fared slightly worse than Brazil's. Overall, Mexico's economy was weaker than expected this year as the positive effects of the reform programme and the economic recovery has been slow to build. Low growth, higher taxes and recent corruption allegations as well as security concerns weighed on Mexico this year. During December the Government announced details for the auction of several shallow water oil fields expected to be completed during the second quarter of 2015. These are expected to be followed by onshore fields, mature fields, unconventional fields (including shale) and deep water fields.

In the Andean region, Peru posted the strongest returns – while growth was below expectations, GDP outperformed its peers, helping the Peruvian Sol to be the best performer during the year. Colombia was the worst performing market for the year, suffering from falling oil production and its impact on listed companies as well as the sharp decline in oil prices later in the year. Adding to pressure in the Colombian equity market were government plans to increase taxation, especially at the corporate level, to offset lower government intake from oil. Chile was also a laggard during 2014, principally due to fiscal headwinds of President Bachelet's new fiscal package. GDP growth was disappointing, with weak commodity prices, especially copper, negatively contributing to growth. In addition, announcements around labour reform have also created a headwind for the domestic economy and caused further deterioration in business confidence.

2014 PERFORMANCE REVIEW

During 2014, the Company's NAV returned -9.3% and the share price returned -9.6% in US Dollar terms (equivalent to returns of -3.7% and -4.0%, respectively, in Sterling terms).

This is certainly disappointing in absolute terms, although it compares favourably with the return by the MSCI Latin America Index over the same period of -12.0% in US Dollar terms (-6.6% in Sterling terms).

Performance relative to the index during the period benefited from good stock selection in Brazil and Mexico and our exposure to Peru. In Brazil, the largest individual contributors to relative performance included our positions in Kroton Educacional and BB Seguridade Participaçóes and our below market exposure to Petrobrás. Kroton Educacional was a strong performer after the terms for its merger with Anhanguera were adjusted in its favour during the second quarter of the year. In addition, the company also performed well following the conclusion of the merger and it continued to outperform versus the sector. We took profits from the company late in the year following concerns over changes to government financed student loans. Overall, we remain positive about Brazilian education. BB Seguridade Participaçóes's share price performed well after reporting strong first quarter results highlighted by good operational and financial results but it surrendered gains later in the year as its financial results were negatively impacted by the political uncertainty in Brazil. Changes to our exposure to Petrobrás meant that the company was a significant contributor to relative performance in the year. The elections in Brazil provided positive results as the company performed well through the middle of the year when markets were pricing in the potential for an opposition victory. In Mexico, the largest individual contributors were property stocks Terrafina and Vesta which have benefited from growth in manufacturing in Mexico and their protection from the devaluation of the Mexican Peso given that a majority of their revenues is contracted in US Dollars.

One disappointment in the year was the performance of the Peruvian company Grana y Montero. The company was penalised earlier in the year for not participating in a subway auction in Lima and continued to suffer after reporting weak second quarter results which showed revenue growth decelerating and lower margins. We continue to like the company despite this period of adjustment for its backlog away from the mining sector. Also detracting from performance were Cosan and Mills in Brazil. Cosan was negatively affected by falling oil prices and their impact on the company's sugar/ethanol business. We sold Mills during the second half of the year. Our investment thesis was around its strong presence in the infrastructure sector, but project delays and oversupply in the equipment rental market hurt results.

PORTFOLIO

In Brazil, we maintained over 55% of the Company's assets in the country, with underweight positions in oil & gas, metals & mining and utilities financing and overweight positions in banks and insurance, consumer staples and education, all of which are areas we believe should be able to successfully navigate a low growth environment. Key changes during the year included exiting Petrobrás and Vale. We reduced our position in Petrobrás after the re-election of President Rousseff and we exited the company in the wake of falling oil prices, and the investigation into alleged corruption. Our decision to exit Vale was predicated on the ongoing weakness in iron ore prices. We rotated some financials exposure from Itaú Unibanco to Bradesco. We also reduced Kroton Educacional given concerns regarding changes to government-financed student loans.

In Mexico, our exposure increased to 34% during the year. We have higher than market exposure to the construction materials and Fibras (Real Estate) sectors and below market exposure to telecommunications and metals & mining sectors. Within construction materials we favour Cemex, and have added to our position during periods of stock weakness during the year. The stock suffered later in the year from concerns over the devaluation of the Mexican Peso and its impact on the company's balance sheet as well as from the fall in commodity prices. Key changes for the year included adding to the holding in Walmart de Mexico in an attempt to benefit from the eventual economic recovery which has been slow to build. We added to América Móvil as the company's plan to sell assets in order to voluntarily comply with regulatory changes could potentially reduce its regulatory risk in Mexico. However, we remain underweight as we question their strategy of committing significant capital to expand into very competitive markets in Europe. We also reduced our overweight position to Grupo Televisa given concerns about the increased potential for competition on the wireless side of their business as well as following strong outperformance by the company.

Elsewhere in the region, our exposure to Peru increased during the year as we reintroduced gold producer Buenaventura and added to our position in Credicorp, the leading bank in Peru. We sold Panamanian airline Copa Holdings, due to concerns regarding their cash balance in Venezuela as well as their ability to reallocate capacity from Venezuela to other markets while maintaining profitability levels. In Colombia we added Grupo Aval Acciones y Valores, one of the largest banks in Colombia, due to our expectations of strong top line growth, net-interest-margin expansion and strong asset quality. Finally, we reduced our weighting in Chile given the macroeconomic headwinds in the country.

At the year end 6.1% of the Company's portfolio was under option via covered calls. These options had an average strike price of 103.2% with an average maturity of 50 days although the upper and lower ranges, varied by position. While the beginning of 2014 continued with the theme of low volatility, the second half saw a dramatic increase in volatility, particularly in Brazil, where uncertainty around the Presidential elections was a main contributor. As a result of this higher level of volatility in the second half of the year, increased option premiums led to greater opportunities to generate income.

One of the benefits of the Company's closed-end stature is our ability to invest in smaller and lesser liquid companies in the region, including those not in the official benchmark. At the year end, investments in small and mid-size companies with less than US$10 billion in market capitalisation accounted for over 32.6% of gross investments, with close to 19.0% of these investments representing non-benchmark stocks. Effective gearing decreased from about 3.1% at the beginning of the year to a net cash position of 1.7% at the end of the year.

OUTLOOK

We enter 2015 with the lowest exposure to Brazil as a percentage of the Company's investments since BlackRock were appointed managers in 2006. Brazil's prospects for 2015 are uncertain. Growth was weak in 2014 and the required fiscal adjustments being implemented by the new economic team are likely to provide further headwinds to growth. In addition, the alleged corruption investigation around Petrobrás and many of the country's largest infrastructure companies are also likely to impede growth prospects. Mexican exposure is also at a recent high both in absolute terms and relative to the benchmark. As the slow economic recovery continues the country should finally start to experience some of the positive aspects of the reform process. Oil field auctions will begin in the second quarter of the year. A high exposure in Peru relative to the benchmark reflects the prospect of improving economic growth throughout 2015. However, given the impact of lower commodity prices on their economies, along with growing fiscal costs for companies and individuals, we have low weightings in Chile and Colombia.

WILLIAM LANDERS
BlackRock Investment Management (UK) Limited
24 February 2015

Portfolio

Ten largest investments as at 31 December 2014

Itaú Unibanco – 9.4% (2013: 7.7%) is Brazil's largest private sector bank. The company should benefit from higher interest rates, continued improvements in asset quality, resilient employment and lower competition from public sector banks. The bank is well positioned for a low growth environment given the de-risking of its credit portfolios over the past few years.

Banco Bradesco – 7.2% (2013: 4.4%) is Brazil's second largest private sector bank. The company should benefit from higher interest rates, continued improvements in asset quality, resilient employment and lower competition from public sector banks. Similar to Itaú Unibanco, we believe that the company is positioned to perform well, regardless of the growth environment in 2015, given the de-risking of its credit portfolios over the past few years.

AmBev – 5.3% (2013: 3.0%) is Brazil's leading beverages company with operations throughout the Americas. The company is well positioned to continue to benefit from its defensive position as the region's largest consumer staples producer, while maintaining a strong focus on preserving operating cost discipline throughout its operations, a perennial AmBev management strength.

BB Seguridade Participacóes – 4.9% (2013: 3.7%) is the insurance division of Banco do Brasil and has the exclusive rights to sell insurance products throughout the entire Banco do Brasil branch network, which is one of the largest in Brazil.

Cemex SAB – 4.7% (2013: 4.0%) is a Mexican based global cement company that stands to benefit from improving business trends across the world, especially in the US. The company has successfully remodelled its debt profile and is focused on improving operating efficiencies across its plants.

Femsa – 4.3% (2013: 3.4%) is the Mexican holding company with a controlling interest in Coca-Cola's largest independent bottler, Coca-Cola Femsa, with operations throughout Latin America, Mexico's fastest growing retailing chain, Oxxo, which has over 10,000 convenience stores throughout Mexico and a 12% stake in global brewer Heineken.

BRF – 4.2% (2013: 1.9%) is Brazil's largest food producer, with leadership positions in poultry, pork, beef and processed meats. The company is well positioned to benefit from its leadership in the domestic processed foods market as well as in the export market for both *in natura* as well as processed products.

América Móvil – 4.0% (2013: 3.4%) is Latin America's leading provider of integrated telecommunications services, with a leading presence in wireless telephony throughout the region as well as in wireline in Mexico and Brazil.

Credicorp – 4.0% (2013: 2.8%) is Peru's leading financial institution. It offers a full range of financial services including commercial banking, corporate finance, brokerage and asset management. The company should continue to benefit from being the leader in one of the fastest growing economies in the region.

Kroton Educacional – 3.6% (2013: 3.3%) is Brazil's leading provider of adult college education. The merger with Anhanguera created the largest publicly traded education company in the world. In addition, we expect a strong intake to continue and for industry growth to remain strong for many years.

All percentages reflect the value of the holding as a percentage of total investments. Percentages in brackets represent the value of the holding at 31 December 2013. Together, the ten largest investments represents 51.6% of total investments (ten largest investments at 31 December 2013: 46.9%).

Portfolio

Investments as at 31 December 2014

Country of operation	Market value US$'000	% of investments
Brazil		
Itaú Unibanco	25,857	9.4
Banco Bradesco	19,868	7.2
AmBev	14,617	5.3
BB Seguridade Participações	13,304	4.9
BB Seguridade Participações – options	(45)	
BRF	11,553	4.2
BRF – option	(3)	
Kroton Educacional	9,735	3.6
Kroton Educacional – options	(8)	
CBD	7,388	2.7
CBD – option	–	
Fibria Celulose	4,858	2.0
Fibria Celulose warrants*	549	
Cielo	4,904	1.8
Cielo – options	(19)	
Ultrapar Participações	4,839	1.8
Ultrapar Participações – option	(2)	
CCR	4,270	1.6
CCR – option	(1)	
Klabin	1,826	1.5
Klabin 8% 08/01/19 convertible bond†	1,646	
Klabin 2.5% 15/06/22 convertible bond†	281	
Klabin 7.25% 15/06/20 convertible bond†	281	
Klabin – options	(31)	
Klabin warrants	–	
Cosan	3,801	1.4
Hypermarcas	1,879	0.9
Hypermarcas 3% fixed rate debenture 15/10/15†	466	
Hypermarcas 11.3% 15/10/18 convertible bond†	240	
Hypermarcas – option	(3)	
Hypermarcas warrants	–	
Ser Educacional	2,607	0.9
Ser Educacional – options	(45)	
Arezzo Industria e Comercio	1,073	0.9
Arezzo Industria e Comercio warrants*	1,487	
Qualicorp	2,156	0.8
TAESA	1,976	0.7
Raia Drogasil	1,906	0.7
Raia Drogasil – options	(20)	
OdontoPrev	1,484	0.5
Minerva	1,467	0.5
Minerva – option	–	
Iguatemi Empresa	972	0.5
Iguatemi Empresa warrants*	462	
Cosan Logistica	1,317	0.5
Localiza Rent A Car warrants*	1,132	0.4
BR Properties	1,060	0.4
Lojas Renner	660	0.2
Lojas Renner – option	(9)	
Marcopolo	157	0.1
Lupatech 6.5% 15/04/18 convertible bond†	29	–
	151,921	**55.4**

Portfolio

Investments as at 31 December 2014 continued

Country of operation	Market value	% of investments
	US$'000	
Mexico		
Cemex SAB	12,949	4.7
Cemex SAB – option	(2)	
Femsa	11,880	4.3
América Móvil	11,085	4.0
Grupo Financiero Banorte	8,361	3.1
Grupo Televisa	8,167	3.0
Walmart de Mexico	7,857	2.9
Alfa	5,787	2.1
Alfa – option	–	
Fibra Uno Administracion	4,123	1.5
Fibra Uno Administracion – options	(1)	
Administradora Industrial	3,709	1.4
Administradora Industrial – options	(13)	
Corporacion Inmobiliaria Vesta	3,574	1.3
Corporacion Inmobiliaria Vesta – option	(5)	
Compartamos	3,123	1.1
Compartamos – options	(7)	
Concentradora Fibra Hotelera	2,555	0.9
Infraestructura Energetica	2,497	0.9
Infraestructura Energetica – options	–	
Arca Continental	1,518	0.5
Arca Continental – options	(11)	
Kimberly-Clark de Mexico	1,412	0.5
Grupo Sansborns	1,306	0.5
Alsea	1,011	0.4
Alsea – option	(1)	
Grupo Aeroportuario del Pacifico	932	0.3
Grupo Aeroportuario del Pacifico – option	(2)	
Alpek	495	0.2
	92,299	**33.6**
Peru		
Credicorp	10,888	4.0
Credicorp – options	(21)	
Minas Buenaventura	2,629	1.0
Grana Y Montero	2,420	0.9
Southern Copper	2,058	0.7
	17,974	**6.6**
Colombia		
Grupo Nutresa	2,948	1.1
Grupo Aval Acciones Y Valores	2,124	0.8
Cemex Latam	1,992	0.7
	7,064	**2.6**

Country of operation	Market value	% of investments
	US$'000	
Chile		
Corpbanca	2,794	1.0
S.A.C.I. Falabella	2,275	0.8
	5,069	**1.8**
Total Investments	**274,327**	**100.0**
Represented as follows:		
Investments held at fair value through profit or loss	274,576	100.1
Derivative financial instruments: written call options	(249)	(0.1)
Total	**274,327**	**100.0**

† Unquoted securities.

* Outperformance warrants held are linked to the underlying listed securities which have available quoted prices, however, the warrants are not listed in their own right. The valuation of outperformance warrants has been derived from the quoted prices of underlying securities.

The negative valuations of US$249,000 (31 December 2013: US$281,000) in respect of options held represent the notional cost of repurchasing the contracts at market prices as at 31 December 2014.

The total number of investments (excluding call options and outperformance warrants) held at 31 December 2014 was 62 (31 December 2013: 62). At 31 December 2014, the Company did not hold any equity interests comprising more than 3% of any company's share capital.

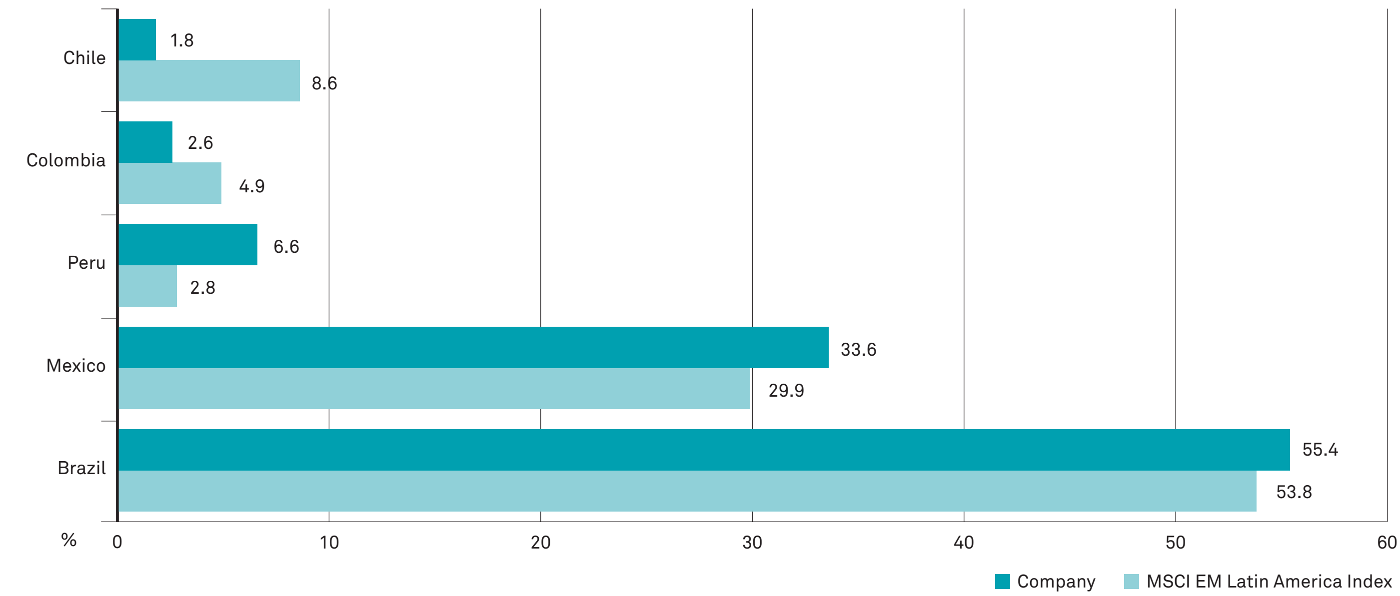
All investments are in equity shares unless otherwise stated.

Portfolio

Sector and geographical allocations

	Brazil	Mexico	Peru	Colombia	Chile	Other	2014 Total	2013 Total
	%	%	%	%	%	%	%	%
Consumer Discretionary	5.7	3.8	–	–	0.8	–	10.3	12.9
Consumer Staples	14.1	8.3	–	1.1	–	–	23.5	13.8
Energy	3.2	–	–	–	–	–	3.2	8.4
Financials	22.2	9.3	4.0	0.8	1.0	–	37.3	31.8
Health Care	1.3	–	–	–	–	–	1.3	0.5
Industrials	2.7	2.4	0.9	–	–	–	6.0	9.3
Information Technology	1.8	–	–	–	–	–	1.8	–
Materials	2.6	4.9	1.7	0.7	–	–	9.9	17.5
Telecommunication Services	–	4.0	–	–	–	–	4.0	3.4
Utilities	0.7	0.9	–	–	–	–	1.6	1.1
Fixed income	1.1	–	–	–	–	–	1.1	1.3
2014 total investments	55.4	33.6	6.6	2.6	1.8	–	100.0	
2013 total investments	60.9	28.4	5.3	1.5	2.7	1.2		100.0

GEOGRAPHICAL WEIGHTING VS MSCI EM LATIN AMERICA INDEX



Sources: BlackRock and MSCI.

Governance

Governance structure and Directors' biographies

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

The Board

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

Chairman: Peter Burnell (since December 1997)

4 scheduled meetings per annum

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

Committees

Audit Committee

2 scheduled meetings per annum

Membership: All NEDs.

Chairman: Antonio Monteiro de Castro (since November 2010).

Key objectives:
- To oversee financial reporting;
- To consider the adequacy of the control environment; and
- Review and form an opinion on the effectiveness of the external audit process.

Nomination and Management Engagement Committee

1 scheduled meeting per annum

Membership: A Monteiro de Castro, M Doctor and L Whitehead.

Chairman: Antonio Monteiro de Castro (since November 2010).

Key objectives:
- To review regularly the Board's structure and composition;
- To be responsible for Board succession planning;
- To make recommendations for any new appointments;
- To ensure that the provisions of the management agreement follow industry practice, remain competitive and are in the best interests of shareholders;
- To review the performance of the Manager and Depositary;
- To review changes in Directors' remuneration; and
- To review Directors' conflicts of interest.

Directors

Peter Burnell

Chairman, Appointed a Director in 1990 and became Chairman in 1997

is a director of Trans-Siberian Gold PLC and was, until his retirement, an executive director of Minorco SA, a director of Anglo American Corporation of South Africa and Minorco South America. He lived in Brazil from 1977 to 1986 as managing director of Anglo American's interests in South America.

Attendance record:
Board: 4/4
Audit Committee: 2/2
Nomination and Management Engagement Committee: n/a

Antonio Monteiro de Castro

Senior Independent Director/ Audit Committee Chairman, Appointed in 2007

was a director of British American Tobacco in Latin America and the Caribbean from 1996 to 2004, when he acquired extensive Latin American experience. From 2004 until his retirement in December 2007, he was BAT's chief operating officer. He is a non-executive chairman of New Britain Palm Oil Limited, a director of Tupperware Brands and Fundação Getúlio Vargas.

Attendance record:
Board: 4/4
Audit Committee: 2/2
Nomination and Management Engagement Committee: 1/1

Mahrukh Doctor

Appointed in 2009

is a Senior Lecturer in political economy at the University of Hull, specialising in Latin America. Previously she was Research Fellow at St. Anthony's College and the Centre for Brazilian Studies at the University of Oxford. She has been the Brazil expert on the Oxford Analytica nternational Conference Latin America panel since 2002.

Attendance record:
Board: 4/4
Audit Committee: 2/2
Nomination and Management Engagement Committee: 1/1

The Earl St Aldwyn

Appointed in 1996

has had a long association with Latin America, having worked in Brazil from 1973 to 1979 and had responsibility for the region in the New York office of ED&F Man between 1979 and 1989. He also served as chairman of the Anglo-Brazilian Society from 1996 to 2002. He is currently chairman of Itacaré Capital Investment and managing director of International Fund Marketing (UK) Limited.

Attendance record:
Board: 4/4
Audit Committee: 2/2
Nomination and Management Engagement Committee: n/a

Laurence Whitehead

Appointed in 2003

is a Senior Research Fellow in Politics and Senior Fellow of Nuffield College, Oxford. For over 30 years he has specialised in Latin American politics and economic policy, most recently with particular emphasis on Mexico.

Attendance record:
Board: 4/4
Audit Committee: 2/2
Nomination and Management Engagement Committee: 1/1

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

Governance

Directors' report

The Directors present the Annual Report and audited Financial Statements of the Company for the year ended 31 December 2014.

STATUS OF THE COMPANY

The Company was incorporated in England and Wales on 12 March 1990 under registered number 2479975 and is domiciled in the United Kingdom. The Company is registered as an investment company as defined in section 833 of the Companies Act 2006 and operates as such.

The Company has been approved as an investment company under regulation 5 of the Investment Trust (Approved Company) (Tax) Regulations 2011. Ongoing approval is subject to the Company continuing to meet the eligibility conditions. In the opinion of the Directors, the Company has conducted its affairs during the year under review, and subsequently, so as to satisfy the conditions for continued approval.

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of the Alternative Investment Fund Managers' Directive (AIFMD). The Company is governed by the provisions of the European Union (Alternative Investment Fund Managers' Regulations 2013 (The Regulations) and is required to be authorised by the Financial Conduct Authority (FCA) and must comply with a number of new obligations, including the appointment of an Alternative Investment Fund Manager (AIFM) and a depositary to carry out certain functions. The Company must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the FCA. Further details are set out in the Regulatory Disclosures section on page 34 and in the notes to the financial statements on pages 44 to 62.

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

FACILITATING RETAIL INVESTMENTS

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

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

DIVIDENDS

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

BlackRock Investment Management (UK) Limited (BIM (UK)) continues to act as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year. BFM receives an annual management fee of 0.85% of net asset value plus a performance fee equal to 10.0% of any outperformance of the NAV per share (on a US Dollar total return basis), over the MSCI EM Latin America Index (on a US Dollar total return basis) plus a hurdle of 1.0%. This fee was payable to BIM (UK) up to and including 1 July 2014.

The amount of performance fee payable in any one year will be capped at 1.0% of NAV. However, any performance fee will only be paid to the extent that the cumulative performance since 1 July 2007 is ahead of the MSCI EM Latin America Index (on a US Dollar total return basis). The value of any investment in BlackRock managed funds is excluded when calculating the management fee. Further details are disclosed in note 4 on pages 47 and 48.

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

The Company contributes to a focused investment trust sales and marketing initiative operated by BIM (UK) on behalf of the investment trusts under its management, which commenced on 1 November 2013. The Company's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represented 0.03% per annum of its net assets (£225 million) as at 31 October 2013 and this contribution is matched by BIM (UK). In addition, a budget of up to a further 0.04% of 31 October 2013 net assets has been allocated for Company specific sales and marketing activity. For the year ended 31 December 2014, US$256,000 (excluding VAT) has been accrued in respect of these initiatives. The purpose of the programme overall is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefit of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

APPOINTMENT OF THE MANAGER

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

The Board believes that it is in shareholders' interests as a whole that BFM should continue as Manager of the Company on the existing terms which were last revised in July 2014.

As part of this review, the Board considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date. The specialist nature of the Company's investment remit is, in the Board's view, best served by the Latin American team at BIM (UK), who have a proven track record in successfully investing in the Latin American region.

DEPOSITARY AND CUSTODIAN

The Company is required under AIFMD to appoint an AIFM Directive compliant depositary. The Company appointed BNY Mellon Trust & Depositary (UK) Limited (the Depositary) in this role with effect from 2 July 2014. Their duties and responsibilities are outlined in the investment fund legislation (as defined in the FCA AIF Rulebook). The main role of the Depositary under AIFMD is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring that the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. The Depositary receives a fee payable at 0.015% 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. The depositary agreement is subject to 90 days' notice of termination by any party.

Under the depositary agreement, custody services in respect of the Company's assets have been delegated to the Bank of New York Mellon (International) Limited. BNYM receives a custody fee payable by the Company at rates depending on the number of trades effected and the location of securities held.

CHANGE OF CONTROL

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

EXERCISE OF VOTING RIGHTS IN INVESTEE COMPANIES

The exercise of voting rights attached to the Company's portfolio has been delegated to the Investment Manager by BFM. BIM (UK)'s approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BIM (UK) believes that sound corporate governance practices by companies contribute to their long term financial performance and thus to better risk-adjusted returns. BIM (UK)'s proxy voting process is led by its Corporate Governance and Responsible Investment team, located in six offices around the world. In addition to its own professional staff, the Corporate Governance and Responsible Investment team draws upon the expertise of BIM (UK)'s portfolio managers, researchers and other internal and external resources globally.

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

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

During the year under review, the Investment Manager voted on 424 proposals at 53 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 7 management resolutions and abstained from voting on 35 resolutions. Most of the votes against were in respect of proposals which contained insufficient disclosure for the Investment Manager to make an informed decision, or in respect of executive remuneration packages which were considered to be poorly structured.

CONTINUATION OF THE COMPANY

As agreed by shareholders, an ordinary resolution for the continuation of the Company as an investment trust is proposed biennially at the AGM. The last such resolution was put to shareholders at the 2014 AGM and the next resolution will be put to the AGM in 2016. If any such ordinary resolution is not passed, the Directors will convene a general meeting within three months at which proposals for the liquidation or reconstruction of the Company will be put forward.

PRINCIPAL RISKS

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

GOING CONCERN

The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Company is able to meet all of its liabilities from its assets and the ongoing charges are approximately 1.2% of net assets, excluding any performance fee. The Company has a continuation vote proposed biennially at the AGM with the next vote due to be held at the AGM in 2016.

DIRECTORS

The Directors of the Company as at 31 December 2014 and their biographies are set out on page 17. Details of Directors' interests in the ordinary shares of the Company are set out on page 25 of the Directors' Remuneration Report. All the Directors held office throughout the year under review, other than Mr Desmond O'Conor, who retired as a Director on 30 April 2014.

All appointments to the Board and re-elections of Directors are carried out in accordance with the Companies Act and the Company's Articles of Association. Subsequently, Directors are subject to re-election on an annual basis. Accordingly, Mr Burnell, Mr Monteiro de Castro, the Earl St Aldwyn, Dr Doctor and Mr Whitehead will all retire at the 2015 AGM and being eligible will offer themselves for 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 is entitled to compensation for loss of office on the takeover of the Company. None of the Directors has a service contract with the Company.

DIRECTORS' INDEMNITY

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

CONFLICTS OF INTEREST

The Board has put in place a framework for Directors to report conflicts of interests or potential conflicts of interest. All Directors are required to notify the Company Secretary of any situations, or potential situations where they consider that they have or may have a direct or indirect interest or duty that conflicted or possibly conflicted with the interests of the Company. The Board has concluded that the framework worked effectively throughout the year.

All new situations or changes to previously reported situations are reviewed on an individual basis and reviewed at each meeting. Directors are also reminded at each meeting that there remains a continuing obligation to notify the Company Secretary of any new situations that may arise or any changes that may occur to a previously notified situation.

DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report is set out on pages 23 to 25. An ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM.

NOTIFIABLE INTEREST IN THE COMPANY'S VOTING RIGHTS

As at 31 December 2014, the following investors had declared a notifiable interest in the Company's voting rights:

	Number of ordinary shares	% of issued share capital
City of London Investment Management Company Limited	8,588,883	21.8
Lazard Asset Management LLC	1,920,552	4.9
Advance Developing Markets Fund Ltd	1,642,343	4.2

As at 31 December 2014 the Board is also aware that 5.6% of the Company's share capital is held by BlackRock Investment Management (UK) Limited on behalf of the BlackRock Investment Trusts Savings Plan and NISA.

As at 31 January 2015, the following investors had declared a notifiable interest in the Company's voting rights:

	Number of ordinary shares	% of issued share capital
City of London Investment Management Company Limited	8,674,279	22.0
Old Mutual plc	4,220,037	10.7
Lazard Asset Management LLC	1,920,552	4.9
Advance Developing Markets Fund Ltd	1,642,343	4.2

As at 31 January 2015 the Board is also aware that 5.6% of the Company's share capital is held by BlackRock Investment Management (UK) Limited on behalf of the BlackRock Investment Trusts Savings Plan and NISA.

No other shareholder has notified an interest of 3% or more in the Company's shares up to 31 January 2015.

CALLED UP SHARE CAPITAL

Full details of the Company's issued share capital are given in note 16 on page 53. Details of the voting rights in the Company's shares as at the date of this report are also given in note 16 to the Notice of Annual General Meeting on page 71. The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares or on the transfer of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company.

ORDINARY SHARE ISSUES AND SHARE REPURCHASES

The Company has the authority to purchase ordinary shares in the market to be held in treasury or for cancellation and to issue new shares or sell shares from treasury for cash. No ordinary shares were issued or sold under this authority during the year.

The Directors consider that it is in the interests of shareholders as a whole that the price of the ordinary shares reflects, as closely as possible, the NAV per share. The Directors will consider the issue at a premium or repurchase at a discount of ordinary shares to address any supply/demand imbalance in the market. Any such transactions will enhance the net asset value for continuing shareholders.

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

The current authority to issue new ordinary shares or sell shares from treasury for cash was granted to the Directors on 30 April 2014 and expires on 30 April 2015. The Directors are proposing that their authority to issue new ordinary shares or sell shares from treasury for cash be renewed at the forthcoming AGM.

TREASURY SHARES

At the AGM in 2014 the Company was authorised to purchase its own ordinary shares to be held in treasury for reissue or cancellation at a future date. There was no change in the amount of ordinary shares held in treasury during the year.

Both the repurchase for cancellation and the use of treasury shares should assist in providing a discount management mechanism and enhancing the NAV of the Company's shares. This will provide the Directors with additional flexibility to manage the Company's investment portfolio.

The Board intends only to authorise the sale of shares from treasury at prices at or above the prevailing NAV per share (plus costs of the relevant sale). This should result in a positive overall effect on existing shareholders. Any shares held in treasury will now be held indefinitely.

The Company currently holds 2,071,662 ordinary shares in treasury and will seek the necessary authority to hold and reissue treasury shares at the forthcoming AGM.

GLOBAL GREENHOUSE GAS EMISSIONS FOR THE PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

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

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 AGM is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser, authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

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

Resolution 12 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 ordinary shares for cash up to an aggregate nominal amount of US$196,848 which is equivalent to 1,968,480 ordinary shares of 10 cents each and represents 5% of the Company's issued ordinary share capital as at the date of the Notice of the Annual General Meeting (excluding shares held in treasury). This resolution will expire at the conclusion of the next AGM of the Company to be held in 2016, unless renewed prior to that date at an earlier general meeting.

Resolution 13 Authority to disapply pre-emption rights:

By law, Directors require specific authority from shareholders before allotting new shares for cash or selling shares out of treasury for cash, without first offering them to existing shareholders in proportion to their holdings. Resolution 13 empowers the Directors to allot new shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of US$196,848 which is equivalent to 1,968,480 ordinary shares of 10 cents each and represents 5% of the Company's issued ordinary share capital as at the date of the Notice of Annual General Meeting (excluding shares held in treasury).

This resolution will expire at the conclusion of the AGM of the Company to be held in 2016, unless renewed prior to that date at an earlier general meeting.

Directors' report continued

Resolution 14 Authority to buy back shares:
The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own shares. The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares.

The Directors are seeking authority to purchase up to 5,901,506 ordinary shares (being 14.99% of the issued share capital, excluding treasury shares, as at the date of this report). This authority, unless renewed at an earlier general meeting, will expire at the conclusion of the next AGM of the Company to be held in 2016.

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 these resolutions as they intend to do in respect of their own beneficial holdings.

CORPORATE GOVERNANCE
Full details are given in the Corporate Governance Statement on pages 26 to 29. The Corporate Governance Statement forms part of this Directors' Report.

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

INDEPENDENT AUDITORS
The Auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and resolutions proposing their reappointment and authorising the Directors to determine their remuneration for the ensuing year will be submitted at the AGM.

The Director's Report was approved by the Board at its meeting on 24 February 2015.

BY ORDER OF THE BOARD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
24 February 2015

Governance

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 31 December 2014 which has been prepared in accordance with sections 420–422 of the Companies Act 2006. The future remuneration policy which is subject to a triennial binding vote is set out in the policy table on page 24.

The law requires the Company's Independent Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditors' report on pages 36 to 39.

STATEMENT OF THE CHAIRMAN

The Board's policy on remuneration is set out in the policy table on page 24. A key element is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience.

Following a review in November 2014, with effect from 1 January 2015, the remuneration of the Chairman was increased to £45,000, the Chairman of the Audit Committee/Senior Independent Director increased to £34,000 and the other Directors increased to £30,000. No external advisors were used in this process. Prior to this increase, the remuneration was last increased on 1 January 2014. The basis for determining the level of increase in Directors' remuneration is set out in the Policy Report.

REMUNERATION COMMITTEE

The Nomination and Management Engagement Committee, which is comprised wholly of independent Directors, fulfils the function of the Remuneration Committee, and considers any change in the Directors' remuneration policy.

The names of the members of the Nomination and Management Engagement Committee who served throughout the year are set out on page 17.

POLICY REPORT

In determining Directors' fees, a number of factors were considered, including the average rate of inflation during the period since the last fee increase, the level of Directors' remuneration for other investment trusts of a similar size as well as the level and complexity of the Directors' responsibilities.

To ensure fees are set at an appropriate level, the Secretary provides a comparison of the Directors' remuneration with other investment trusts of a similar size and/or mandate as well as taking account of any data published by the Association of Investment Companies. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary. This review is performed on an annual basis.

Other than the Directors, the Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting Directors' pay.

No element of the Directors' remuneration is performance related. The Company has not awarded any share options or long term performance incentives to any of the Directors. None of the Directors has a service contract with the Company or receives any non cash benefits or pension entitlements. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company.

CONSIDERATION OF SHAREHOLDERS' VIEWS

An ordinary resolution to approve the Remuneration Report is put to members at each AGM, and shareholders have the opportunity to express their views and raise any queries in respect of remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy. In accordance with the Companies Act 2006, the Company has obtained shareholder approval for its remuneration policy as set out in the policy table on page 24 of this report at the AGM in 2014. The policy is subject to shareholder approval on a triennial basis, and it is the intention of the Board that its policy on remuneration will continue to apply for all financial years of the Company up to 31 December 2016.

At the Company's AGM, held on 30 April 2014, 99.66% of votes cast were in favour of the resolution to approve the Directors' remuneration report for the year ended 31 December 2013 and 0.34% of votes were cast against. In addition, 99.64% of the votes cast were in favour of the resolution to approve the Remuneration Policy and 0.36% of votes were cast against.

Governance

Directors' remuneration report continued

POLICY TABLE

Purpose and link to strategy		Fees payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company's affairs and the level of complexity of responsibilities borne by the Directors.
Description		Current levels of fixed annual fee Chairman – £45,000 Audit Committee Chairman/Senior Independent Director – £34,000 Directors – £30,000 All reasonable expenses to be reimbursed.
Maximum levels		Remuneration consists of a fixed fee each year, set in accordance with the stated policies and any increase granted must be in line with the stated policies. The Company's Articles of Association set an aggregate limit of £250,000 in respect of the total remuneration that may be paid to Directors in any financial year. In addition, the Directors propose a limit of £50,000 per annum in relation to the maximum that may be paid in respect of taxable benefits. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.
Operation	Fixed fee element	The Board reviews the quantum of Directors' fees each year to ensure that this is in line with the level of Directors' remuneration for other investment trusts of a similar size. When considering any changes in fees, the Board will take into account wider factors such as the average rate of inflation over the period since the previous review, and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements).
	Taxable benefits	Taxable benefits comprise travel expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered offices in London, and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred.

REMUNERATION IMPLEMENTATION REPORT

A single figure for the total remuneration of each Director is set out in the table below for the year ended 31 December 2014:

	31 December 2014			31 December 2013		
Directors	Fees £	Taxable benefits £	Total £	Fees £	Taxable benefits £	Total £
Peter Burnell (Chairman)	43,500	3,435	46,935	42,000	4,222	46,222
Mahrukh Doctor	29,000	3,187	32,187	28,000	3,556	31,556
Antonio Monteiro de Castro	33,000	10,927	43,927	32,000	21,957	53,957
Desmond O'Conor[1]	9,667	638	10,305	28,000	1,480	29,480
Michael St Aldwyn	29,000	391	29,391	28,000	463	28,463
Laurence Whitehead	29,000	1,095	30,095	28,000	1,582	29,582
Total	173,167	19,673	192,840	186,000	33,260	219,260

1. Retired as a Director on 30 April 2014.

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.

RELATIVE IMPORTANCE OF SPEND ON REMUNERATION

As the Company has no employees, the table above also comprises the total remuneration costs and benefits paid by the Company. To enable shareholders to assess the relative importance of spend on pay, this has been shown in the table below compared with the Company's total revenue, total operating expenses, dividend distributions and share buybacks.

As the Company has no employees, no consideration is required to be given to employment conditions elsewhere in setting Directors' pay.

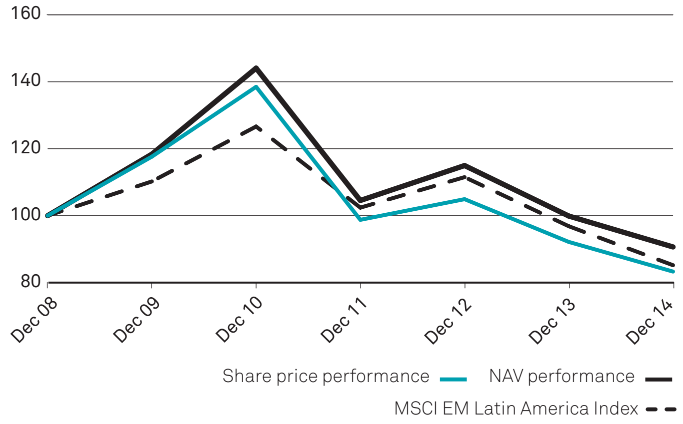
	2014 US$'000	2013 US$'000	Change US$'000
Directors' total remuneration	301	363	(62)
Dividends paid and payable	11,810	11,810	–
Buy back of ordinary shares	–	19,206	(19,206)

No payments were made in the period to any past Directors (2013: nil).

PERFORMANCE

The graph below compares the Company's NAV and share price total returns with the total return on an equivalent investment in the MSCI EM Latin America Index. This index is deemed to be the most appropriate as the Company has a Latin American objective.

PERFORMANCE FROM 31 DECEMBER 2008 TO 31 DECEMBER 2014



Sources: BlackRock and Datastream.
Performance in US Dollar terms, rebased to 100, with income reinvested.

SHAREHOLDINGS

The Board has not adopted a policy that Directors are required to own 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.

	Ordinary shares	
	31 December 2014	31 December 2013
Peter Burnell	3,000	3,000
Mahrukh Doctor	636	615
Antonio Monteiro de Castro	47,000	47,000
Michael St Aldwyn	1,470	1,470
Laurence Whitehead	13,967	12,967

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

The information in the above table has been audited.

RETIREMENT OF DIRECTORS

Directors are appointed for an initial term covering the period from the date of appointment until the first Annual General Meeting thereafter, at which they are required to stand for election in accordance with the Articles of Association. Subsequently, Directors retire every year.

FOR AND ON BEHALF OF THE BOARD

PETER BURNELL
Chairman
24 February 2015

Governance

Corporate governance statement

CHAIRMAN'S STATEMENT

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

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

As a UK-listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the UK Code) issued by the Financial Reporting Council in September 2012. 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 (AIC Code) issued in February 2013, which addresses the governance issues relevant to investment companies and has the approval of the Financial Reporting Council.

The UK Code is available from the Financial Reporting Council's website at frc.org.uk. The AIC Code is available from the Association of Investment Companies at theaic.co.uk.

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

COMPLIANCE

The Board has made the appropriate disclosures in this report to ensure that the Company meets its continuing obligations. It should be noted that as an investment trust, most of the Company's day-to-day responsibilities are delegated to third party service providers, the Company has no employees and the Directors are all non-executives, therefore not all the provisions 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 are relevant to the Company throughout this accounting period, except as explained below, and this statement describes how the relevant principles of governance are applied to the Company.

THE BOARD

Board composition

The Board currently consists of five non-executive Directors. Their biographical details, which can be found on page 17, demonstrate the wide range of skills and experience that they bring to the Board. The provision of the UK Code (A.2.1) which relates to the combination of the role of the chairman and chief executive does not apply as the Company does not have a chief executive. Details of the Chairman's other significant time commitments can also be found on page 17.

Board independence and tenure

The Board regularly reviews the independence of its members. 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 Burnell, the Earl St Aldwyn, and Mr Whitehead who have each served as a Director for over 9 years, continue to be independent in both character and judgement. BIM (UK) was appointed as investment manager of the Company on 31 March 2006 and all Directors are therefore considered to be independent of the Investment Manager.

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are set out in the Directors' Report on page 20.

The Board believes that it has a reasonable balance of skills and experience. The Board recognises the value of progressive refreshing of, and succession planning for, company boards.

All Directors are subject to annual re-election. Each Director's appointment has been reviewed by the Board prior to submission for re-election. Following the formal evaluation the Chairman is pleased to confirm that each of the Directors standing for re-election continues to be effective and to demonstrate commitment to the role (including time for Board and Committee meetings and any other duties).

Mr Monteiro de Castro, as Senior Independent Director, is pleased to confirm that, following the formal evaluation, the Chairman also continues to be effective and to demonstrate commitment to the role (including time for Board and Committee meetings and any other duties).

The Board accordingly recommends the re-election of the Chairman and each of the Directors.

Directors' Liability Insurance

The Company has maintained appropriate insurance cover throughout the year.

BOARD'S RESPONSIBILITIES

The Board is responsible for the effective stewardship of the Company's affairs. A formal schedule of matters reserved for the decision of the Board has been adopted. Investment policy and strategy are determined by the Board. It is also responsible for gearing policy, dividend policy, public documents such as the Annual Reports and Financial Statements, the terms of the discount control mechanism, buy back policy, and corporate governance matters. In order to enable them to discharge their responsibilities, the Board has full and timely access to relevant information.

The Board meets on a quarterly basis 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.

In total the Board met formally on four occasions during the year.

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

The Board has direct access to company secretarial advice and services of the Manager, through a nominated representative, who is responsible to the Board for ensuring that the Board and Committee procedures are followed, and that the Company complies with applicable rules and regulations.

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 the completion of an evaluation survey and a subsequent review of the findings. The appraisal of the Chairman follows the same process and is carried out by the Board as a whole under the leadership of the Senior Independent Director in the absence of the Chairman. The appraisal process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the 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 Board as a whole and its Committees were functioning effectively.

DELEGATION OF RESPONSIBILITIES

The Board has delegated the following areas of responsibility:

Management and administration

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

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Manager. Details of the Manager's approach to voting at shareholders meetings are set out on page 19.

The review of the Company's Manager's performance is an ongoing duty and responsibility of the Board which is carried out at every Board meeting. In addition, a formal review is undertaken annually, details of which are set out on pages 18 and 19 of the Directors' Report.

COMMITTEES OF THE BOARD

The Board has appointed a number of committees as set out below and on page 17. Copies of the terms of reference of each committee are available on request from the Company's registered office and are also available on the BlackRock website at blackrock.co.uk/brla.

Audit Committee

The Audit Committee, which is chaired by Mr Monteiro de Castro, comprises the whole board. Further details are provided in the Report of the Audit Committee on pages 30 to 32.

Nomination and Management Engagement Committee

The Nomination and Management Engagement Committee which is chaired by Mr Monteiro de Castro, consists of Dr Doctor and Mr Whitehead. Further details are provided on page 17.

INTERNAL CONTROLS

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

The Board reviews the effectiveness of the internal control systems to identify, evaluate and manage the Company's significant risks. As part of that process the Audit Committee receives reports from the Manager setting out the internal controls which are in place and identifying any significant failings or weaknesses. If any matter is categorised by the Board as significant, procedures exist to ensure that necessary action is taken to remedy the failing. The Board is not aware of any significant failings or weaknesses arising in the year under review.

Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the operations of the Company. There is a monitoring and reporting process to review these controls, which has been in place throughout the year under review and up to the date of this report, carried out by the Manager's corporate audit departments. This, accords with the Financial Reporting Council's "Internal Control: Revised Guidance for Directors on the UK Corporate Code".

The Manager reports to the Company on its review of internal controls, formally on a semi-annual basis and verbally at each

Corporate governance statement continued

Board or Audit Committee meeting and provides an annual report from the Manager's reporting accountants on the control policies and procedures in operation. The Audit Committee also receives quarterly reports from BNYM on the internal controls of its operations together with the opinion of their reporting accountants.

The Company does not have its own internal audit function as all administration is delegated to the Manager and other third party service providers. This matter is kept under review.

The Board recognises that these control systems can only be designed to manage rather than to eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss, and relies on the operating controls established by the Manager and the Depositary.

The 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 Board has overall responsibility for the control systems in respect of the Company, as part of that responsibility the Board conducts a review of those controls, although it relies on the controls at the third party service providers.

FINANCIAL REPORTING

The Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 33, the Independent Auditor's Report on pages 36 to 39, and the Statement of Going Concern on pages 19 and 20.

SOCIALLY RESPONSIBLE INVESTMENT

The Board aims to be a socially responsible investor and 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 procedure and financial analysis of the companies within the portfolio includes research and appraisal, and also takes into account environmental policies and other business issues.

The Manager's policies on socially responsible Investment and Corporate Governance are detailed on the website blackrock.com/corporate/en-gb/about-us/responsible-investment/responsible-investment-reports. 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 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.

COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders is given a high priority. All ordinary shareholders have the opportunity to attend and vote at the AGM. The Notice of Annual General Meeting sets out the business of the meeting and any item not of an entirely routine nature is explained in the Directors' Report. The annual report which contains the Notice of Annual General Meeting and related papers are sent to shareholders 20 business days' before the meeting. At the half year stage, a half yearly report, containing updated information in a more abbreviated form, is also sent out to all shareholders. Updated information is also available on the Manager's website at blackrock.co.uk/brla. Separate resolutions are proposed for substantive issues.

In addition, the Manager will review the Company's portfolio and performance at the AGM, where the Chairman of the Board, Mr Burnell, the Senior Independent Director and Chairman of the Audit Committee, Mr Monteiro de Castro, the other Directors and representatives of the Manager will be available to answer shareholders' queries. Proxy voting figures will be announced to the shareholders at the AGM.

The Board discusses with the Manager at each Board meeting any feedback from meetings with shareholders, and it also receives reports from its corporate broker. A regular dialogue has been maintained with the Company's institutional investors and private client asset managers through the Manager. The Chairman and other Directors also meet with shareholders periodically, without the Manager being present. The Chairman and Directors may be contacted via the Company Secretary. The dialogue with shareholders provides a two way forum for canvassing the views of shareholders and for enabling the Board to become aware of any issues of concern, including those relating to performance, strategy and corporate governance.

Shareholders wishing to communicate with the Chairman, the Senior Independent Director and Chairman of the Audit Committee or other members of the Board may do so by writing to the Company Secretary at the registered office address on page 67.

There is a section within this report entitled Additional Information – Shareholder Information, on pages 63 to 65, which provides an overview of useful information available to shareholders.

The Company's Annual Report and Financial Statements are also published on blackrock.co.uk/brla, which is the website maintained by the Company's Manager. The work undertaken by the Auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the Auditors accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

DISCLOSURE AND TRANSPARENCY RULES

Other information required to be disclosed pursuant to the Disclosure and Transparency Rules has been placed in the Directors' Report on pages 18 to 22 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

PETER BURNELL
Chairman
24 February 2015

Report of the audit committee

As Chairman of the Audit Committee I am pleased to present the Committee's report to shareholders.

ROLE AND RESPONSIBILITIES

The Company has established a separately chaired Audit Committee whose duties include considering and recommending to the Board for approval the contents of the half yearly and annual financial statements, and providing an opinion as to whether the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The terms of reference detailing the scope and duties of the Audit Committee are available on the website at blackrock.co.uk/brla.

The Audit 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 Audit Committee receives information from the Investment Manager's corporate audit and compliance departments.

COMPOSITION

The Audit Committee comprises all the Directors including the Chairman of the Company; all of whom, including the Chairman of the Committee, have recent and relevant financial experience. The biographies of the Directors may be found on page 17.

RESPONSIBILITIES AND REVIEW OF THE EXTERNAL AUDIT

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

- considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external Auditors' report thereon;
- reviewing the scope, execution, results, cost effectiveness, independence and objectivity of the external Auditors;
- reviewing and recommending to the Board for approval the audit and non-audit fees payable to the external Auditors and the terms of their engagement;
- reviewing and approving the external Auditors' plan for the financial year, with a focus on the identification of areas of audit risk, and consideration of the appropriateness of the level of audit materiality adopted;
- reviewing the role of the Board, the Manager and third party service providers in an effective audit process;
- reviewing the efficiency of the external audit process and making a recommendation to the Board with respect to the reappointment of the Auditors;
- considering the quality of the formal audit report to shareholders;
- reviewing the appropriateness of the Company's accounting policies; and
- ensuring the adequacy of the internal control systems and standards and evaluating the need for an internal audit function as set out in the Corporate Governance Statement on pages 27 and 28.

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

SIGNIFICANT ISSUES CONSIDERED REGARDING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

During the year, the Audit Committee considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Audit Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements. The table on page 31 sets out the key areas of risk identified and also explains how these were addressed.

Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio	The Board reviews detailed portfolio valuations at each of its quarterly 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 risk of misappropriation of assets and unsecured ownership of investments	The Audit Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported by the Manager to the Audit Committee. The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
The accuracy of the calculation of management and performance fees	The Manager reports to the Audit Committee on the calculation of any performance fee accruals that have been included in the Company's NAV on a regular basis. The management fee and any performance fee are calculated in accordance with the contractual terms in the investment management agreement by the administrator, BNYM, and are reviewed in detail by the Manager and are also subject to an analytical review by the Audit Committee.
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income	The Audit Committee reviews income forecasts, including special dividends and written options, and receives explanations from the Manager for any variations or significant movements from previous forecasts and prior year figures.

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

AUDITORS AND AUDIT TENURE

The Company's current Auditors PricewaterhouseCoopers LLP, have acted in this role since the launch of the Company in 1990.

The Audit Committee also considers the risks associated with audit firms withdrawing from the market and the relationship with the Company's Auditors. The appointment of the Auditors is reviewed each year and the audit partner changes at least every five years.

The new EU regulations on mandatory auditor rotation which require the appointment of a new auditor every ten years, although this can be extended up to ten additional years if tenders are carried out at the decade mark or another audit firm is appointed to do a joint-audit. To that end, the Company will put its audit contract out to tender by no later than 2020. The regulations also prohibits certain non-audit consulting services and caps the amount of additional fees auditors can charge their clients. There are no contractual obligations that restrict the Company's choice of auditors. No other audit services were provided to the Company by the Auditors (2013: nil).

The Auditors have indicated their willingness to continue in office and resolutions proposing their reappointment and authorising the Directors to determine their remuneration for the ensuing year will be proposed at the AGM.

ASSESSMENT OF THE EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

To assess the effectiveness of the external audit, members of the Audit Committee work closely with BIM (UK) and BFM to obtain a good understanding of the quality and efficiency of the audit. The Audit Committee has adopted a 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 Board, the Manager and third party service providers in an effective audit process;
- Communications by the Auditors with the Audit Committee;
- How the Auditors supports the work of the Audit Committee and how the audit contributes added value;

Report of the audit committee continued

- A review of independence and objectivity of the audit firm; and
- The quality of the formal audit report to shareholders.

Feedback in relation to the audit process and the effectiveness of the Manager in performing its role is also sought from relevant involved parties, notably the audit partner and team. The external Auditors are invited to attend the Audit Committee meetings at which the semi-annual and annual report and financial statements are considered and at which they have the opportunity to meet with the Audit Committee without representatives of the Manager being present. The effectiveness of the Board and the Manager in the external audit process is assessed principally in relation to the timely identification and resolution of any process errors or control breaches that might impact the Company's net asset values and accounting records. It is also assessed by reference to how successfully any issues in respect of areas of accounting judgement are identified and resolved, the quality and timeliness of papers analysing these judgements, the Board and the Manager's approach to the value of independent audit and the booking of any audit adjustments arising, and the timely provision of draft public documents for review by the Auditors and the Audit Committee.

To form a conclusion with regard to the independence of the external Auditors, the Audit Committee considers whether the skills and experience of the Auditors make them a suitable supplier of any non-audit services and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of any such services. On an annual basis, PricewaterhouseCoopers LLP review the independence of their relationship with the Company and report to the Audit Committee, providing details of any other relationship with the Manager. As part of this review, the Audit Committee also receives information about policies and processes for maintaining independence and monitoring compliance with relevant requirements from the Company's Auditors, including information on the rotation of audit partners and staff, the level of fees that the Company pays in proportion to the overall fee income of the firm, and the level of related fees, details of any relationships between the audit firm and its staff and the Company as well as an overall confirmation from the Auditors of their independence and objectivity. As a result of their review, the Audit Committee has concluded that PricewaterhouseCoopers LLP is independent of the Company.

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. One of the key governance requirements of the Company's Annual Report and Financial Statements is that they are fair, balanced and understandable. The Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements, and the Audit Committee has given consideration to the following:

- the comprehensive controls framework over the production of the Annual Report and Financial Statements, including the verification processes in place to deal with the factual content;
- the comprehensive reviews that are undertaken at different levels in the production process of the Annual Report and Financial Statements, by the Manager, the third party service providers responsible for accounting services and the Audit Committee that aim to ensure consistency and overall balance;
- the controls that are in place at the Manager and third party service providers to ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets; and
- the existence of satisfactory Service Organisation Control reports that have been reviewed and reported on by external auditors to verify the effectiveness of the internal controls of BlackRock, the Custodian and the Fund Accountants.

In addition to the work outlined above, the Audit 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 Audit Committee has assumed that readers of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust industry. The Audit Committee has reported on these findings to the Board who affirm the Audit Committee's conclusion in the Statement of Directors' Responsibilities on page 33.

ANTONIO MONTEIRO DE CASTRO
Chairman
Audit Committee
24 February 2015

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

The Directors are responsible for preparing the Annual Report and Financial Statements 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, Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Report of the Audit Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules.

The Directors have delegated responsibility to the Investment Manager for the maintenance and integrity of the Company's corporate and financial information included on the Investment Managers' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on page 17, 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 or loss 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 2012 UK Corporate Governance Code also requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit Committee's report on pages 30 to 32. As a result, the Board has concluded that the annual report and financial statements for the year ended 31 December 2014, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

FOR AND ON BEHALF OF THE BOARD
PETER BURNELL
Chairman
24 February 2015

Regulatory disclosures

AIFMD Disclosures

REPORT ON REMUNERATION

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

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

LEVERAGE

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. Consistent with its investment objectives and policy, the Company may utilise a variety of exchange traded and over-the-counter (OTC) derivative instruments such as options, futures and forward currency transactions 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.

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

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

Derivatives	Commitment leverage as at 30 November 2014	Gross leverage as at 30 November 2014
Leverage ratio	1.02	1.02

OTHER RISK DISCLOSURES

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 19 to the notes to the financial statements on pages 54 to 61.

PRE INVESTMENT DISCLOSURES

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the website at blackrock.co.uk/brla.

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.

Regulatory disclosures

Information to be disclosed in accordance with listing rule 9.8.4

The disclosures below are made in compliance with the requirements of Listing Rule 9.8.4.

9.8.4 (1) The Company has not capitalised any interest in the period under review.

9.8.4 (2) The Company has not published any unaudited financial information in a class 1 circular or prospectus or any profit forecast or profit estimate.

9.8.4 (3) This provision has been deleted.

9.8.4 (4) The Company does not have any long term incentive schemes in operation.

9.8.4 (5) and 9.8.4 (6) No Director of the Company has waived or agreed to waive any current or future emoluments from the Company.

9.8.4 (7) The Company has not allotted any equity securities for cash in the period under review.

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

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

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

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

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

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
24 February 2015

Financial statements

Independent Auditors' report to the members of BlackRock Latin American Investment Trust plc

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its net loss and cash flows 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.

WHAT WE HAVE AUDITED

BlackRock Latin American Investment Trust plc's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Income statement for the year then ended;
- the Cash flow statement for the year then ended;
- the Reconciliation of movements in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

OUR AUDIT APPROACH

Overview

Materiality	Overall materiality: US$2.76 million which represents 1% of net assets.
Audit Scope	The Company is a stand alone Investment Trust Company and engages BlackRock Fund Managers Limited (the Manager) to manage its assets. We conducted our audit of the financial statements at The Bank of New York Mellon (International) Limited (the Administrator) to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions. We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
Areas of focus	Income. Valuation and existence of investments. Performance fees.

The scope of our audit and our areas of focus

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

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

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table on page 37. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Income Refer to page 31 (Report of the Audit Committee), page 44 (Accounting policies) and page 47 (notes). We focused on the accuracy and completeness of dividend and option premium income recognition and their presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the AIC SORP). This is because incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy as set out in note 2(d) on page 44 of the financial statements. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP. Income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. In addition, we tested dividend receipts by agreeing the dividend rates from investments to independent third party sources. No misstatements were identified which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been recorded in the year by reference to independent data of dividends declared by the investments held in the portfolio. We tested option premium income by agreeing a sample of receipts to broker margin cash account statements. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the validity of the treatment of special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP.
Valuation and existence of investments Refer to page 31 (Report of the Audit Committee), page 45 (Accounting policies) and pages 51 and 52 (notes). The investment portfolio at the year end principally comprised of listed investments, equity-linked warrants and a liability in relation to open option positions. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.	We tested the valuation of the investment portfolio as follows: ▸ for listed investments we agreed the prices used in the valuation to independent third party sources; and ▸ for warrants we agreed the underlying value of the listed equity investments to independent third party sources as these securities give the holder the right to purchase the underlying asset on predefined terms. No misstatements were identified which required reporting to those charged with governance. We tested the existence of the portfolio by agreeing the holdings to an independent confirmation from the Company's custodian. No differences were identified.
Performance fees Refer to page 31 (Report of the Audit Committee), page 45 (Accounting policies) and pages 47 and 48 (notes). No performance fee was payable in the year. We focused on this area because the performance fee is calculated using a complex methodology as set out in the Investment Management Agreement between the Company and the Manager.	We independently recalculated the performance fee of US$ nil using the methodology set out in the Investment Management Agreement and agreed the inputs to the calculation, including the benchmark data, to independent third party sources, where applicable. No misstatements were identified which required reporting to those charged with governance.

How we tailored the audit scope

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

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

As part of our risk assessment, we assessed the control environment in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and reading the relevant control reports issued by the service auditors of the Manager and the Administrator in accordance with generally accepted assurance standards for such work. We then identified those key controls at the Administrator on which we could place reliance to provide audit evidence.

Independent Auditors' report to the members of BlackRock Latin American Investment Trust plc continued

Materiality

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

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

Overall materiality	US$2.76 million (2013: US$3.15 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$138,000 (2013: US$158,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on pages 19 and 20, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the Company's financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

▸ information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report arising from this responsibility.
▸ the statement given by the Directors on page 33, in accordance with provision C.1.1 of the UK Corporate Governance Code (the Code), that they consider the Annual Report and Financial Statements taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
▸ the section of the Annual Report and Financial Statement on page 31, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

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

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

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Directors' remuneration report – Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

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

CORPORATE GOVERNANCE STATEMENT

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of directors' responsibilities set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

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

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

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

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

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

PARWINDER PUREWAL (SENIOR STATUTORY AUDITOR)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 February 2015

Financial statements

Income statement for the year ended 31 December 2014

	Notes	Revenue 2014	Revenue 2013	Capital 2014	Capital 2013	Total 2014	Total 2013
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Losses on investments held at fair value through profit or loss	11	–	–	(38,031)	(54,496)	(38,031)	(54,496)
Exchange gains/(losses)		–	–	149	(1,380)	149	(1,380)
Income from investments held at fair value through profit or loss	3	10,435	11,175	–	–	10,435	11,175
Other income	3	5,335	2,362	–	–	5,335	2,362
Investment management and performance fees	4	(658)	(759)	(1,975)	(2,276)	(2,633)	(3,035)
Operating expenses	5	(1,051)	(1,015)	(41)	(83)	(1,092)	(1,098)
Net return/(loss) before finance costs and taxation		14,061	11,763	(39,898)	(58,235)	(25,837)	(46,472)
Finance costs	7	(26)	(427)	(77)	(1,280)	(103)	(1,707)
Net return/(loss) on ordinary activities before taxation		14,035	11,336	(39,975)	(59,515)	(25,940)	(48,179)
Taxation on ordinary activities	8	(1,651)	(1,431)	479	632	(1,172)	(799)
Return/(loss) on ordinary activities after taxation	10	12,384	9,905	(39,496)	(58,883)	(27,112)	(48,978)
Return/(loss) per ordinary share (US$ cents)	10	31.46	24.83	(100.32)	(147.61)	(68.86)	(122.78)

The total column of this statement represents the profit and loss account of the Company.

The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies (AIC). The Company had no recognised profits or losses other than those disclosed in the Income Statement and the Reconciliation of Movements in Shareholders' Funds. All items in the above statement derive from continuing operations and no operations were acquired or discontinued during the year. There is no material difference between the net loss on ordinary activities before taxation and the loss on ordinary activities after taxation for the financial year stated above and their historical cost equivalents.

The notes on pages 44 to 62 form part of these financial statements.

Financial statements

Reconciliation of movements in shareholders' funds for the year ended 31 December 2014

	Notes	Called up share capital	Share premium account	Capital redemption reserve	Non-distributable reserve	Capital reserves	Revenue reserve	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
For the year ended 31 December 2014								
At 31 December 2013		4,144	11,719	4,843	4,356	275,683	14,600	315,345
(Loss)/return for the year		–	–	–	–	(39,496)	12,384	(27,112)
Dividends paid*	9	–	–	–	–	–	(11,810)	(11,810)
At 31 December 2014		4,144	11,719	4,843	4,356	236,187	15,174	276,423
For the year ended 31 December 2013								
At 31 December 2012		4,384	11,641	4,602	4,356	353,772	20,958	399,713
(Loss)/return for the year		–	–	–	–	(58,883)	9,905	(48,978)
Share buy backs		–	–	–	–	(19,206)	–	(19,206)
Cancellation of treasury shares		(241)	–	241	–	–	–	–
Conversion of bond		1	78	–	–	–	–	79
Dividends paid**	9	–	–	–	–	–	(16,263)	(16,263)
At 31 December 2013		4,144	11,719	4,843	4,356	275,683	14,600	315,345

* Final dividend in respect of the year ended 31 December 2013 of 15.00 cents per share declared on 25 February 2014 and paid on 2 May 2014 and the interim dividend in respect of the year ended 31 December 2014 of 15.00 cents per share declared on 19 August 2014 and paid on 3 October 2014.

** Second interim dividend in respect of the year ended 31 December 2012 of 25.00 cents per share declared on 27 February 2013 and paid on 26 April 2013 and the interim dividend in respect of the year ended 31 December 2013 of 15.00 cents per share declared on 23 August 2013 and paid on 4 October 2013.

The notes on pages 44 to 62 form part of these financial statements.

Financial statements

Balance sheet as at 31 December 2014

	Notes	2014	2013
		US$'000	US$'000
Fixed assets			
Investments held at fair value through profit or loss	11	274,576	325,703
Current assets			
Debtors	12	1,117	2,472
Cash at bank	13	4,104	439
Collateral pledged with brokers	13	677	1,524
		5,898	4,435
Creditors – amounts falling due within one year			
Bank overdraft	13	(1,177)	(10,377)
Deferred taxation	8c, 14	(229)	(298)
Derivative instruments – written call options	11, 14	(249)	(281)
Other creditors and accruals	14	(2,372)	(3,813)
		(4,027)	(14,769)
Net current assets/(liabilities)		1,871	(10,334)
Total assets less current liabilities		276,447	315,369
Creditors – amounts falling after more than one year			
Non-equity redeemable shares	15	(24)	(24)
		(24)	(24)
Net assets		276,423	315,345
Capital and reserves			
Called up share capital	16	4,144	4,144
Share premium account	17	11,719	11,719
Capital redemption reserve	17	4,843	4,843
Non-distributable reserve	17	4,356	4,356
Capital reserves	17	236,187	275,683
Revenue reserve	18	15,174	14,600
Total shareholders' funds		276,423	315,345
Net asset value per ordinary share	10	702.12	800.99

The financial statements on pages 40 to 62 were approved and authorised for issue by the Board of Directors on 24 February 2015 and signed on its behalf by Peter Burnell, Chairman.

BlackRock Latin American Investment Trust plc

Registered in England, No. 2479975

The notes on pages 44 to 62 form part of these financial statements.

Financial statements

Cash flow statement for year ended 31 December 2014

	Notes	2014	2013
		US$'000	US$'000
Net cash inflow from operating activities	5(b)	11,857	11,043
Servicing of finance			
Finance costs		(102)	(2,379)
Taxation paid		(1,506)	(758)
Capital expenditure and financial investment			
Purchase of investments		(186,028)	(263,202)
Proceeds from sale of investments		199,499	341,875
Capital expenses		(41)	(61)
Net cash inflow from capital expenditure and financial investment		13,430	78,612
Equity dividends paid	9	(11,810)	(16,263)
Net cash inflow before financing		11,869	70,255
Financing			
Repurchase of convertible bonds		–	(63,921)
Share buy backs		–	(19,071)
Net cash outflow from financing		–	(82,992)
Increase/(decrease) in cash in the year	13(a)	11,869	(12,737)

The notes on pages 44 to 62 form part of these financial statements.

Notes to the financial statements

1. PRINCIPAL ACTIVITIES

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

2. ACCOUNTING POLICIES

(a) Basis of preparation

The Company's financial statements have been prepared on a going concern basis and on the historical cost basis of accounting, modified to include the revaluation of fixed asset investments in accordance with the Companies Act 2006 and with applicable accounting standards in the United Kingdom, UK Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP), revised in January 2009.

The principal accounting policies adopted by the Company are set out below. 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 US Dollars, which is the functional and presentation currency of the Company. The US Dollar is the functional currency because it is the currency most related to the primary economic environment in which the Company operates. All values are rounded to the nearest thousand dollars (US$'000) except where otherwise indicated.

(b) Presentation of Income Statement

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

(c) Segmental reporting

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

(d) Income

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

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

Interest income is accounted for on an accruals basis.

Dividends are accounted for in accordance with Financial Reporting Standard 16 'Current Taxation' (FRS 16) on the basis of income actually receivable, without adjustment for the tax credit attaching to the dividends. Dividends from overseas companies continue to be shown gross of withholding tax.

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

Options may be written over securities held in the portfolio for generating or protecting capital returns, or for generating or maintaining revenue returns. Where the purpose of the option is the generation of income, the premium is treated as a revenue item. Where the purpose of the option is the maintenance of capital, the premium is treated as a capital item. The value of the option is subsequently marked to market to reflect the fair value of the option based on traded prices.

Option premium income is recognised as revenue evenly over the life of the option contract and included in the revenue column of the Income Statement unless the option has been written for the maintenance and enhancement of the Company's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premia arising are allocated to the capital column of the Income Statement. Where the premium is taken to revenue, an appropriate amount is shown as capital return such that the total return reflects the overall change in the fair value of the option. When an option is closed out or exercised the gain or loss is accounted for as capital.

(e) Expenses

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

- expenses which are incidental to the acquisition or disposal of an investment are included within the cost of the investments or deducted from the disposal proceeds of investment and are thus charged to the capital column of the Income Statement. Details of transaction costs on purchases and sales of investments are disclosed in note 11 on page 51;
- the investment management fee has been allocated 75% to the capital column and 25% to the revenue column of the Income Statement in line with the Board's expected long term split of returns, in the form of capital gains and income respectively, from the investment portfolio; and
- performance fees have been allocated wholly to the capital column of the Income Statement, as the performance fee has been predominantly generated through capital returns of the investment portfolio.

(f) Finance costs

Finance costs are accounted for on an accruals basis. Finance costs are allocated, insofar as they relate to the financing of the Company's investments, 75% to the capital column and 25% to the revenue column of the 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.

(g) Taxation

The 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 taxation for the accounting period.

Deferred taxation is recognised in respect of all temporary differences as at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at 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 temporary differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discount basis.

(h) 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 FRS 26 – 'Financial Instruments: Recognition and Measurement' and are managed and evaluated on a fair value basis in accordance with its investment strategy.

All investments are designated upon initial recognition as held at fair value through profit or loss. These sales of assets are recognised at the trade date of the disposal. Proceeds will be measured at fair value which will be regarded as the proceeds of sale less any transaction costs.

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

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

In order to improve the disclosure of how companies measure the fair value of their financial investments, the disclosure requirements in FRS 29 have been extended to include a fair value hierarchy. The fair value hierarchy consists of the following three levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability

Level 3 – inputs for the asset or liability that are not based on observable market data

Unquoted investments are valued by the Directors at fair value using International Private Equity and Venture Capital Valuation Guidelines. This policy applies to unquoted fixed asset investments held by the Company.

Notes to the financial statements continued

2. ACCOUNTING POLICIES continued

(i) Dividends payable

Under FRS 21, 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 Reconciliation of Movements in Shareholders' Funds when they have been approved by shareholders and become a liability of the Company.

Interim dividends are only recognised in the financial statements in the period in which they are paid.

(j) Foreign currency translation

All transactions in foreign currencies are translated into US Dollars at the rate of exchange ruling on the dates of such transactions.

(k) Convertible bonds

On 15 September 2009, the Company issued US$80 million worth of 3.5% unsecured convertible bonds (bonds) redeemable at par on 15 September 2015 (additional information is given in note 14). All the outstanding bonds were repurchased, redeemed or converted in the year ended 31 December 2013. In previous accounting periods bonds have been accounted for in accordance with FRS 26 – 'Financial Instruments: Recognition and Measurement' and held at fair value on the Company's Balance Sheet. On initial recognition, fair value was deemed to be the issue proceeds received of US$80 million, and issue costs of US$1.1 million which had been debited to the Income Statement and allocated 25% to the revenue column and 75% to the capital column in line with the Board's policy on allocation of finance costs as set out in note 2(f). Subsequent to initial recognition, and up to the date of redemption or conversion, the bonds have been fair valued by reference to their offer prices subject to a minimum floor price. Movements arising from an increase or decrease in this price were credited or debited to the capital column of the Income Statement. In the event that the fair value of the bonds fell below the nominal value of the bonds, the fair value adjustment did not decrease the bond valuation below this nominal value. This was due to the requirement that the convertible bonds would be redeemed at their nominal value if they had not been converted into equity shares prior to 1 September 2015.

Interest costs arising on the bonds were allocated 25% to the revenue column and 75% to the capital column of the Income Statement in line with the Board's policy on finance costs.

(l) Cash and cash equivalents

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

(m) Capital redemption reserve

The nominal value of ordinary shares repurchased for cancellation is transferred out of share capital and into the capital redemption reserve.

The full cost of ordinary shares repurchased and held in treasury is charged to capital reserves. Where treasury shares are subsequently reissued, any surplus is taken to the share premium account.

(n) Capital reserves

The following transactions are accounted for in capital reserves:

- gains and losses on the disposal of fixed asset investments;
- realised exchange differences of a capital nature;
- cost of professional advice, including irrecoverable VAT, relating to the capital structure of the Company;
- other capital charges and credits charged or credited to this reserve in accordance with the above policies;
- cost of purchases of own ordinary shares and warrants;
- increases and decreases in the valuation of investments held at the year end and the change in fair value of the convertible bond; and
- unrealised exchange differences of a capital nature.

(o) Going concern

The Company's Articles of Association require that an ordinary resolution be put to the Company's shareholders to approve the continuation of the Company on a biennial basis. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore consider the going concern assumption to be appropriate. The last resolution was put to shareholders at the 2014 AGM and the next such resolution will be put to shareholders at the AGM in 2016. (See pages 19 and 20 for further details.) The Directors have no reason to believe that this resolution will not be passed.

(p) Debtors

Debtors are sales for future settlement, other debtors 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. Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(q) Creditors

Creditors are purchases for future settlements, interest payable, share buyback cost and accruals in the ordinary course of business. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

3. INCOME

	2014 US$'000	2013 US$'000
Investment income:		
Overseas dividends	10,267	10,096
Outperformance warrants	193	644
Interest income	52	435
Amortisation of fixed interest investments	(77)	–
	10,435	11,175
Other income:		
Traded option premiums	5,319	2,359
Deposit interest	16	3
Total	15,770	13,537

The Company participated in outperformance warrant contracts in 8 securities during the year (2013: 8) which generated income of US$193,000 (2013: US$644,000).

In addition, the Company received premiums totalling US$5,311,000 in respect of covered call options of which US$5,319,000 was recognised as income. At 31 December 2014, there were 44 (2013: 16) open positions with an associated liability of US$249,000 (2013: US$281,000) in respect of the notional cost of repurchasing the contracts at market prices at the year end.

4. INVESTMENT MANAGEMENT AND PERFORMANCE FEES

	2014			2013		
	Revenue US$'000	Capital US$'000	Total US$'000	Revenue US$'000	Capital US$'000	Total US$'000
Investment management fee	658	1,975	2,633	759	2,276	3,035
Total	658	1,975	2,633	759	2,276	3,035

BlackRock Investment Management (UK) Limited (BIM (UK)) provided management and administration services to the Company under a contract which was terminated with effect from 2 July 2014. BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014. BIM (UK) continues to act as the Company's Investment Manager under a delegation agreement with BFM. Further details of the investment management contract are disclosed in the Directors' Report on pages 18 and 22.

Notes to the financial statements continued

4. INVESTMENT MANAGEMENT AND PERFORMANCE FEES continued

At the year end, US$598,000 was outstanding in respect of the management fee (2013: US$1,414,000). The management fee was until 2 July 2014 payable to BIM (UK) and thereafter to BFM.

Performance fees are allocated wholly to the capital column of the Income Statement as performance is predominantly generated through capital returns from the Investment Portfolio. As at 31 December 2014, no performance fee was payable to BlackRock (2013: nil).

The total fee currently payable to BlackRock in any twelve month period is limited to 4.99% of NAV. However, as BlackRock is only entitled to a basic fee of 0.85% of NAV and the performance fee is capped at 1.0% of NAV, the amount paid to BlackRock by the Company in respect of fees in any twelve month period is expected to be substantially lower than 4.99% of NAV.

In addition to the above services, with effect from 1 November 2013, BIM (UK) has provided the Company with marketing services. The total fees paid or payable for these services for the year ended 31 December 2014 amounted to US$256,000 excluding VAT (2013: nil), of which US$256,000 (2013: nil) was outstanding at 31 December 2014.

5. OPERATING EXPENSES

	2014 US$'000	2013 US$'000
(a) Operating expenses		
AIC subscriptions	33	42
Auditors' remuneration – audit services	47	47
Custody fee	104	121
Directors' and Officers liability insurance	15	17
Directors' emoluments – fees and services to the Company	268	363
Printing and postage	67	45
Registrar's fees	53	46
Other administrative costs	464	334
	1,051	1,015
Ongoing charges, calculated as a percentage of average shareholders' funds and using expenses, excluding interest costs were:	1.2%	1.1%

There were no fees payable in the year in respect of non-audit services (2013: nil). The underlying audit fee is invoiced in Sterling and is therefore susceptible to exchange rate fluctuations. The fee has not changed materially from year to year.

	2014 US$'000	2013 US$'000
(b) Reconciliation of net return before finance costs and taxation to net cash flow from operating activities		
Net loss before finance costs and taxation	(25,837)	(46,472)
Losses on investments held at fair value through profit or loss	38,031	54,496
Exchange (gains)/losses of a capital nature	(149)	1,380
Non-operating expenses of a capital nature	41	83
Decrease in accrued income	520	1,178
(Increase)/decrease in other debtors	(57)	7
(Decrease)/increase in creditors	(692)	371
Net cash inflow from operating activities	11,857	11,043

Expenses of US$93,000 (2013: US$83,000) charged to the capital column of the Income Statement relate to transaction costs charged by the custodian on the purchases and sales of investments and charges on Brazilian foreign exchange transactions.

6. DIRECTORS' EMOLUMENTS

Details of the Directors' emoluments are given in the Directors' Remuneration Report on page 24.

7. FINANCE COSTS

	2014			2013		
	Revenue US$'000	Capital US$'000	Total US$'000	Revenue US$'000	Capital US$'000	Total US$'000
Interest on convertible bonds	–	–	–	406	1,218	1,624
Interest on bank overdraft	26	77	103	21	62	83
	26	77	103	427	1,280	1,707

8. TAXATION ON ORDINARY ACTIVITIES

a) Analysis of charge/(credit) in year

	2014			2013		
	Revenue US$'000	Capital US$'000	Total US$'000	Revenue US$'000	Capital US$'000	Total US$'000
Corporation tax	1,705	(441)	1,264	1,404	(1,190)	214
Double taxation relief	(622)	–	(622)	(680)	466	(214)
	1,083	(441)	642	724	(724)	–
Foreign tax	599	–	599	758	–	758
Total current taxation (note 8(b))	1,682	(441)	1,241	1,482	(724)	758
Deferred current taxation (note 8(c))	(31)	(38)	(69)	(51)	92	41
Total taxation	1,651	(479)	1,172	1,431	(632)	799

b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a large company of 21.50% (2013: 23.25%). The differences are explained below:

	2014			2013		
	Revenue US$'000	Capital US$'000	Total US$'000	Revenue US$'000	Capital US$'000	Total US$'000
Return/(loss) on ordinary activities before taxation	14,035	(39,975)	(25,940)	11,336	(59,515)	(48,179)
Return/(loss) on ordinary activities multiplied by standard rate of corporation tax 21.50% (2013: 23.25%)	3,017	(8,592)	(5,575)	2,636	(13,838)	(11,202)
Effects of:						
Non-taxable losses on investments held at fair value through profit or loss	–	8,174	8,174	–	12,993	12,993
Exchange loss not available	–	(32)	(32)	–	–	–
Relief for overseas tax	(622)	–	(622)	(680)	466	(214)
Income taxable in different periods	102	–	102	124	–	124
Overseas income not subject to corporation tax	(1,414)	–	(1,414)	(1,356)	–	(1,356)
Overseas tax suffered	599	–	599	758	–	758
Disallowed expenses	–	9	9	–	22	22
Excess brought forward management expenses used	–	–	–	–	(367)	(367)
Current corporation tax charge (note 8(a))	1,682	(441)	1,241	1,482	(724)	758

Investment trusts are exempt from corporation tax on capital gains provided the Company obtains agreement from HM Revenue & Customs that section 1158 of the Corporation Tax Act 2010 tests have been met. The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 21.50%.

Notes to the financial statements continued

8. TAXATION ON ORDINARY ACTIVITIES continued

c) Movement in provision for deferred tax

	2014			2013		
	Revenue US$'000	Capital US$'000	Total US$'000	Revenue US$'000	Capital US$'000	Total US$'000
Balance brought forward	31	267	298	82	175	257
(Credit)/charge for the year	(31)	(38)	(69)	(51)	92	41
Balance carried forward	–	229	229	31	267	298

	2014			2013		
	Revenue US$'000	Capital US$'000	Total US$'000	Revenue US$'000	Capital US$'000	Total US$'000
Provision consists of:						
Income taxable in different periods	–	–	–	31	–	31
Peruvian capital gains tax liability	–	229	229	–	267	267
	–	229	229	31	267	298

At 31 December 2014 the Company had no excess management expenses (2013: nil) or non-trade loan relationship deficits (2013: nil). Consequently a deferred tax liability has been recognised in revenue.

9. DIVIDENDS

Dividend on ordinary shares	Register date	Payment date	2014 US$'000	2013 US$'000
2012 Second interim of 25.00 cents	22 March 2013	26 April 2013	–	10,358
2013 Interim of 15.00 cents	6 September 2013	4 October 2013	–	5,905
2013 Final of 15.00 cents	28 March 2014	2 May 2014	5,905	–
2014 Interim of 15.00 cents	5 September 2014	3 October 2014	5,905	–
			11,810	16,263

The Directors are recommending the payment of a final dividend in respect of the year ended 31 December 2014 of 15.00 cents per share (2013: final dividend of 15.00 cents per share) on 6 May 2015 to shareholders on the Company's register on 27 March 2015. The recommended final dividend has not been included as a liability in these financial statements, as final dividends are only recognised in the financial statements once they have been approved by shareholders.

The dividends disclosed in the note below have been considered in view of the requirements 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 December 2014 meets the relevant requirements as set out in this legislation.

	2014 US$'000	2013 US$'000
Dividend payable on equity shares:		
Interim dividend paid 15.00 cents (2013: 15.00 cents)	5,905	5,905
Final dividend paid 15.00 cents (2013: 15.00 cents)	5,905	5,905
	11,810	11,810

* Based on 39,369,620 ordinary shares in issue.

10. RETURN/(LOSS) AND NET ASSET VALUE PER ORDINARY SHARE

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

	2014	2013
Net revenue return attributable to ordinary shareholders (US$'000)	12,384	9,905
Net capital loss attributable to ordinary shareholders (US$'000)	(39,496)	(58,883)
Total loss on ordinary activities after taxation (US$'000)	(27,112)	(48,978)
Equity shareholders' funds (US$'000)	276,423	315,345
The weighted average number of ordinary shares in issue during the year, on which the return per ordinary share was calculated was:	39,369,620	39,891,106
The actual number of ordinary shares in issue at the year end, on which the net asset value per ordinary share was calculated was:	39,369,620	39,369,620
The number of ordinary shares in issue, including treasury shares, at the year end, was:	41,441,282	41,441,282

	2014			2013		
	Revenue cents	Capital cents	Total cents	Revenue cents	Capital cents	Total cents
Return per share						
Calculated on weighted average number of shares	31.46	(100.32)	(68.86)	24.83	(147.61)	(122.78)
Calculated on actual number of shares in issue at year end	31.46	(100.32)	(68.86)	25.16	(149.57)	(124.41)
Net asset value per share			702.12			800.99
Ordinary share price			624.50			719.25

11. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 US$'000	2013 US$'000
Overseas listed investments held at fair value through profit or loss	274,576	325,703
Derivative finance instruments – written call options	(249)	(281)
Valuation of investments and derivatives at 31 December	274,327	325,422
Valuation brought forward	325,422	458,594
Investment and derivative holding gains	(19,954)	(73,928)
Opening cost of investments and derivatives	305,468	384,666
Purchase cost	185,279	263,811
Sales proceeds	(198,343)	(342,487)
Losses on sales of investments	(12,291)	(522)
Cost of investments and derivatives carried forward	280,113	305,468
Investment and derivative holding (loss)/gains	(5,786)	19,954
Total valuation of investments and derivatives	274,327	325,422

Investments as at 31 December 2014 include outperformance warrants with a value of US$3,630,000 (2013: US$15,916,000). The outperformance warrants held are linked to underlying listed securities which have available quoted prices, however the warrants are not listed in their own right. The valuation of outperformance warrants has been derived from the quoted prices of underlying securities. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Financial statements

Notes to the financial statements continued

11. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS continued

During the year the Company incurred purchase transaction costs of US$355,000 (2013: US$484,000) and sales transaction costs of US$330,000 (2013: US$578,000). All transaction costs have been included within the capital reserves.

Losses on investments held at fair value through profit or loss

	2014 US$'000	2013 US$'000
Losses on sales of investments	(12,291)	(522)
Movements in investment holding losses	(25,740)	(53,974)
	(38,031)	(54,496)

12. DEBTORS

	2014 US$'000	2013 US$'000
Sales for future settlement	56	948
Other debtors	70	13
Accrued income	991	1,511
	1,117	2,472

13. MOVEMENTS IN NET FUNDS/(DEBT)

	2014 US$'000	2013 US$'000
(a) Reconciliation of net cash flow to movements in net (debt)/funds		
Increase/(decrease) in cash	11,869	(12,737)
Exchange movement	149	(1,380)
Movement in net cash	12,018	(14,117)
Conversion of convertible bonds to ordinary shares	–	79
Repurchase of convertible bonds	–	63,921
Net debt at beginning of the year	(8,414)	(58,297)
Net funds/(debt) at 31 December	3,604	(8,414)
(b) Analysis of changes in net debt		
Cash at bank and in hand	4,104	439
Collateral pledged with brokers	677	1,524
Bank overdraft	(1,177)	(10,377)
Net funds/(debt) at 31 December	3,604	(8,414)

14. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 US$'000	2013 US$'000
Derivative financial instruments – call options	249	281
Purchases for future settlement	–	749
Deferred taxation	229	298
Other creditors and accruals	2,372	3,064
	2,850	4,392

15. CREDITORS – AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	2014 US$'000	2013 US$'000
Non-equity redeemable shares	24	24
	24	24

The redeemable shares of £1 each carry the right to receive a fixed dividend at the rate of 0.01% per annum on the nominal amount thereof. They are capable of being redeemed by the Company at any time and confer no rights to receive notice of, attend or vote at, general meetings except where the rights of holders are to be varied or abrogated. On a winding up, the capital paid up on such shares ranks pari passu with, and in proportion to, any amounts of capital paid to the holders of ordinary shares, but does not confer any further right to participate in the surplus assets of the Company.

16. CALLED UP SHARE CAPITAL

	Ordinary shares number	Treasury shares number	Total shares number	Nominal US$'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 10 cents each				
At 1 January 2014	39,369,620	2,071,662	41,441,282	4,144
At 31 December 2014	39,369,620	2,071,662	41,441,282	4,144

No ordinary shares were repurchased during the year (2013: 2,071,662 ordinary shares were repurchased, via the March 2013 tender offer, for cancellation at a total cost of US$19,206,000). No ordinary shares were cancelled during the year (2013: the Company cancelled 2,408,065 ordinary shares held in treasury).

The number of ordinary shares in issue at the year end was 39,369,620 (2013: 39,369,620) excluding 2,071,662 (2013: 2,071,662) shares held in treasury.

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

17. RESERVES

	Share premium account US$'000	Capital redemption reserve US$'000	Non-distributable reserve US$'000	Capital reserve arising on investments sold US$'000	Capital reserve arising on revaluation of investments held US$'000
At 1 January 2014	11,719	4,843	4,356	255,986	19,697
Movement during the year:					
Losses on realisation of investments	–	–	–	(12,291)	–
Change in investment holding gains	–	–	–	–	(25,740)
Losses on foreign currency transactions	–	–	–	405	(256)
Interest and expenses charged to capital after taxation	–	–	–	(1,614)	–
At 31 December 2014	11,719	4,843	4,356	242,486	(6,299)

18. REVENUE RESERVE

	US$'000
At 1 January 2014	14,600
Return for the year	12,384
Dividends paid	(11,810)
At 31 December 2014	15,174

19. RISK MANAGEMENT POLICIES AND PROCEDURES

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

Risk management framework

The Directors of the Alternative Investment Fund Manager (AIFM) review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Company's performance and risk profile during the year. The AIFM has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Company is managed within the terms of its investment guidelines and limits set out in the Alternative Investment Fund Managers' Directive Fund 3.2.2R Disclosures which can be found at blackrock.co.uk/brla. The AIFM is responsible for the investment performance, product risk monitoring and oversight and has the responsibility for the monitoring and oversight of regulatory and operational risk for the Company. The Directors of the AIFM have appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group (RQA), which is a centralised group, which performs an independent risk management function. RQA independently identifies, measures and monitors investment risk and monitor the risk management practices being deployed across the Company. The RQA Group has the ability to determine if the appropriate risk management processes are in place across the Company including the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

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

(a) Market risk

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

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

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 month (20 days) and a historical observation period of not less than 1 year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% 1 month VaR means that the expectation is that 99% of the time over a 1 month period the Fund will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk. It is noted that the use of VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations and the nature of the VaR measure mean that the Company can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one-month VaR as of 31 December 2014 and 31 December 2013 (based on a 99% confidence level) was 13.95% and 15.36%, respectively.

(i) Market risk arising from other price risk

Exposure to other price risk

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

The Company is exposed to market price risk arising from its equity investments. The movements in the prices of these investments result in movements in the performance of the Company.

Management of other price risk

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

(ii) Market risk arising from foreign currency risk

Exposure to foreign currency risk

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

The fair values of the Company's monetary items which have foreign currency exposure at 31 December 2014 and 31 December 2013 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.

2014	Brazilian Real US$'000	Chilean Peso US$'000	Mexican Peso US$'000	Other US$'000
Debtors (due from brokers, dividends and other income receivable)	79	–	22	–
Derivative instruments – written call options	–	–	(40)	–
Cash at bank and on deposit	1,017	–	776	(1,175)
Creditors (due to brokers, accruals and other creditors)	–	–	–	(1,472)
Total foreign currency exposure on net monetary items	1,096	–	758	(2,647)
Equity investments at fair value through profit or loss	73,901	5,069	48,220	4,940
Total net foreign currency exposure	74,997	5,069	48,978	2,293

2013	Brazilian Real US$'000	Chilean Peso US$'000	Mexican Peso US$'000	Other US$'000
Debtors (due from brokers, dividends and other income receivable)	1,109	–	33	17
Derivative instruments – written call options	–	–	174	265
Cash at bank and on deposit	–	–	(7)	–
Creditors (due to brokers, accruals and other creditors)	–	–	–	(1,916)
Total foreign currency exposure on net monetary items	1,109	–	200	(1,634)
Equity investments at fair value through profit or loss	95,974	5,994	40,489	6,892
Total net foreign currency exposure	97,083	5,994	40,689	5,258

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 NAV 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.

19. RISK MANAGEMENT POLICIES AND PROCEDURES continued

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

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

(iii) Market risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk specifically through its cash holdings and its borrowing facilities for investment purposes. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

Interest rate exposure

The exposure at 31 December 2014 and 2013 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.

	2014			2013		
	Within one year US$'000	More than one year US$'000	Total US$'000	Within one year US$'000	More than one year US$'000	Total US$'000
Exposure to fixed interest rates:						
– Fixed interest investments	–	2,943	2,943	–	354	354
Exposure to floating interest rates:						
– Cash at bank and in hand	4,104	–	4,104	439	–	439
– Collateral pledged with brokers	677	–	677	1,524	–	1,524
– Bank overdraft	(1,177)	–	(1,177)	(10,377)	–	(10,377)
Total exposure to interest rates	3,604	2,943	6,547	(8,414)	354	(8,060)

Interest received on cash balances, or paid on the bank overdraft respectively, is approximately 0.00% and 1.12% per annum (2013: 0.00% and 1.30% per annum).

Management of interest rate risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowings under the multi-currency overdraft facility.

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

(b) Counterparty credit risk

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

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

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

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

There were no past or impaired assets as of 31 December 2014 (31 December 2013: nil).

Depositary

With effect from 2 July 2014, the Company's Depository is BNY Mellon Trust & Depositary (UK) Limited (the Depositary) (Moody's long term credit rating as at 31 December 2014: Aa2). All of the assets and cash of the Company are held within the custodial network of the Depositary. Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to its investments held by the Depositary to be delayed or limited. The maximum exposure to this risk at 31 December 2014 is the total value of equity investments held with the Depositary and cash and cash equivalents in the Balance Sheet.

In accordance with the requirements of the depositary agreement, the Depositary 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 received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

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

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

	Total number of counter-parties	Maximum exposure to any one counter-party* US$'000	Collateral held* US$'000	Total exposure to all other counter-parties* US$'000	Lowest credit rating of any one counter-party
2014	5	85	677	164	A
2013	2	208	1,524	73	A

* Calculated on a net basis.

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

Over-the-counter (OTC) financial derivative instruments

The Company may write both exchange traded and over-the-counter option contracts as part of its investment policy. Options written by the Company provide the purchaser with the opportunity to purchase from or sell to the Company the underlying asset at an agreed-upon value either on or before the expiration of the option. Options are generally settled on a net basis. During the year ended 31 December 2014 and 2013, the Company wrote covered call and put option contracts to generate revenue income for the Company. As the call and put options are covered by dedicated cash resources and no call and put option contracts were written to manage price risk, there is no impact on the Company's exposure to gearing or leverage as a result of writing covered call and put options. The notional amount of put/call options written that were open at 31 December 2014 was US$84,585,000 (2013: US$13,787,000).

19. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Management of OTC financial derivative instruments

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

The option positions are diversified across sectors comprising 44 positions as at 31 December 2014 (2013: 16).

The economic exposures to options can be closed out at any time by the Company with immediate effect. Details of securities and exposures to market risk and credit risk implicit within the options portfolio are given in note 15 to the Financial Statements.

Collateral

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

Cash collateral pledged by the Company is separately identified as an asset in the Balance Sheet and is not included as a component of cash and cash equivalents.

Inbound cash collateral received by the Company is reflected as a liability on the Balance Sheet as cash collateral payable. The cash is subject to certain counterparty credit risk as the Company's access to its cash could be delayed should the counterparties become insolvent or bankrupt. Collateral given/received in the form of securities is not reflected on the Balance Sheet. The Company has the right to sell or re-pledge collateral received in the form of securities in circumstances such as default.

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

	Pledged collateral		Inbound collateral	
	31 December 2014 US$'000	31 December 2013 US$'000	31 December 2014 US$'000	31 December 2013 US$'000
Cash collateral	677	1,524	–	–

Receivables

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

In summary, the exposure to credit risk at 31 December 2014 was as follows:

	2014 3 months or less US$'000	2013 3 months or less US$'000
Cash at bank and on deposit	4,104	439
Collateral pledged with brokers	677	1,524
Other receivables (amounts due from brokers, dividends and interest receivable)	1,117	2,472
	5,898	4,435

Management of counterparty/credit risk

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

The Company has a low level of counterparty/credit risk, which is managed as follows:

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

Offsetting disclosures

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

For financial reporting purposes, the Company does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Balance Sheet.

At 31 December 2014, the Company's derivative assets and liabilities (by type) are as follows:

	At 31 December 2014		At 31 December 2013	
Derivatives	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Written options contracts	–	(249)	–	(281)
Total derivative assets and liabilities in the Balance Sheet	–	(249)	–	(281)
Total assets and liabilities subject to a master netting agreement	–	(249)	–	(281)

19. RISK MANAGEMENT POLICIES AND PROCEDURES continued

The following table presents the Company's derivative liabilities by counterparty, net of amounts available for offset, under a master netting agreement and net of any related collateral paid by the Company at 31 December 2014:

Counterparty	Derivative liabilities subject to a master netting agreement by a counterparty US$'000	Derivatives available for offset US$'000	Non-cash collateral given US$'000	Cash collateral given US$'000	Net amount of derivative liabilities US£'000
At 31 December 2014					
Citigroup	(28)	–	–	–	(28)
Credit Suisse	(85)	–	–	–	(85)
Merrill Lynch	(27)	–	–	27	–
Morgan Stanley	(48)	–	–	–	(48)
UBS	(61)	–	–	–	(61)
At 31 December 2013					
Credit Suisse	(73)	–	–	73	–
Deutsche Bank	(208)	–	–	208	–

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company is also exposed to the liquidity risk for margin calls on derivative instruments. At the year end, the Company has an uncommitted overdraft facility for up to US$40 million from BNYM which it utilises from time to time for short term liquidity purposes and to finance the acquisition of investments. Interest is payable at a rate per annum equal to LIBOR plus 1.0%.

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 31 December 2014 and 2013, based on the earliest date on which payment can be required, were as follows:

	2014 3 months or less US$'000	2013 3 months or less US$'000
Creditors: amounts falling due within one year:		
Derivative financial instruments – written options	(249)	(281)
Bank overdraft	(1,177)	(10,377)
Amounts due to brokers, bank overdrafts, accruals and provisions	(2,601)	(4,111)
	(4,027)	(14,769)

Management of liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands. Asset disposals may also be required to meet liquidity needs. However, timely sale of trading positions can be impaired by many factors including decreased trading volume and increased price volatility. As a result, the Company may experience difficulties in disposing of assets to satisfy liquidity demands. Liquidity risk is not significant as the Company's assets are investments in listed securities that are readily realisable.

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

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

(d) Valuation of financial instruments

FRS 29 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 Company's accounting policies on fair value measurements are discussed in the accounting policies on valuation of investments in note 2(h) on page 45.

The fair value hierarchy has the following levels:

Level 1 – Quoted market price in an active market for an identical instrument.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

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

The determination of what constitutes "observable" requires significant judgement by the Investment Manager. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out fair value measurements using the FRS 29 fair value hierarchy.

Financial assets at fair value through profit or loss as at 31 December 2014	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Equity investments	271,633	–	–	271,633
Derivative instruments – call options	–	(249)	–	(249)
Fixed interest investments	706	591	1,646	2,943
Total	272,339	342	1,646	274,327

Financial assets at fair value through profit or loss as at 31 December 2013	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Equity investments	323,490	–	–	323,490
Derivative instruments – call options	–	(281)	–	(281)
Fixed interest investments	2,205	8	–	2,213
Total	325,695	(273)	–	325,422

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 December 2014 and 31 December 2013. The Company held 1 level 3 security in the financial year (2013: nil).

Notes to the financial statements continued

20. TRANSACTIONS WITH THE AIFM AND MANAGER

BlackRock Investment Management (UK) Limited (BIM (UK)) provided management and administration services to the Company during the period under review under a contract which was terminated with effect from 2 July 2014. BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BIM (UK). Details of the fees payable to BIM (UK) up to 1 July 2014 and to BFM with effect from 2 July 2014 are set out in note 4 on page 47. Transactions and relationship details are set out in the Directors' Report on page 18.

The investment management fee for the year was US$2,633,000 (2013: US$3,035,000), as disclosed in note 4 to the Financial Statements on page 47. At the year end, an amount of US$598,000 was outstanding in respect of these fees (2013: US$1,414,000).

In addition to the above services, with effect from 1 November 2013, BlackRock has provided the Company with marketing services. The total fees paid or payable for these services for the year ended 31 December 2014 amounted to US$256,000 excluding VAT (2013: nil) of which US$256,000 excluding VAT (2013: nil) was outstanding at 31 December 2014.

21. RELATED PARTY DISCLOSURE

The related party transactions with the Directors are set out in note 5 in the Directors' Remuneration Report on pages 23 to 25. At 31 December 2014, an amount of £nil (2013: £nil) was payable to Directors in respect of their annual fees.

22. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2014 (2013: nil).

Additional information

Shareholder information

FINANCIAL CALENDAR

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

February/March
Annual results and final dividend announced.

February/March
Annual report and financial statements published.

April/May
Annual General Meeting.
Final dividend paid.

August
Half yearly figures to 30 June announced, interim dividend announced and half yearly financial report published.

September
Interim dividend paid.

PAYMENT OF DIVIDENDS

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. The Board has arranged for all shareholders to receive their dividends in Sterling unless they elect otherwise. Shareholders who wish to receive their dividends in US Dollars should complete and return the enclosed Currency Election Form. 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 on 0870 707 1112 or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending this to the Company's registrar, Computershare. Tax vouchers will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

ORDINARY SHARE PRICE

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

ISIN/SEDOL NUMBERS

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

	Ordinary shares
ISIN	GB0005058408
SEDOL	0505840
Reuters code	BRLA.L
Bloomberg code	BRLA:LN
Ticker	BRLA/LON

SHARE DEALING

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service.

For existing shareholders the Company's registrar, Computershare Investor Services PLC, has introduced internet and telephone share dealing services. The telephone share dealing service is available on 0870 703 0084. To access the internet share dealing service log on to computershare.com/ sharedealingcentre. To use these services, you will need your shareholder reference number, which is detailed on your certificate.

Internet dealing – The fee for this service is 1% of the value of each sale or purchase of shares (subject to a minimum of £30).

Stamp duty of 0.5% is payable on purchases.

Telephone dealing – The fee for this service will be 1% of the value of the transaction plus £35. Stamp duty of 0.5% is payable on purchases.

CREST

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

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

ELECTRONIC 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

Additional information

Shareholder information continued

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 tax voucher.

You will continue to receive a printed copy of these printed reports, we will write and let you know where you can view these reports online.

ELECTRONIC PROXY VOTING

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at eproxyappointment.com using a unique identification PIN which will be provided with voting instructions and the Notice of Annual General Meeting.

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

NOMINEE CODE

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

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

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

PUBLICATION OF NAV/PORTFOLIO ANALYSIS

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

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

ONLINE ACCESS

Other details about the Company are also available on the BlackRock website at blackrock.co.uk/brla and shareholders can check details of their holdings on Computershare's website at investorcentre.co.uk.

The financial statements and other literature are published on the BlackRock website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at investorcentre.co.uk.

To access Computershare's website you will need your shareholder reference number (SRN) which can be found on communications you have previously received from Computer share. 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.
- Outstanding payments – reissue payments using the online replacement service.
- Downloadable forms – including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

SAVINGS PLAN

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

STOCKS AND INDIVIDUAL SAVINGS ACCOUNTS (NISA)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments within the BlackRock Investment Trust stocks and shares Individual Savings Account. Investors have an annual NISA allowance of £15,000 for tax year 2014/2015. Details are available from BlackRock by calling free on 0800 44 55 22.

SHAREHOLDER ENQUIRIES

The Company's registrar is Computershare Investor Services PLC. In the event of queries regarding your holding of shares, please contact the registrar on 0870 707 1112. Changes of name or address must be notified in writing to the registrar at:

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

Certain details relating to your holding can also 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 either your share certificate or tax voucher. The address of the Computershare website is investorcentre.co.uk. Alternatively, please contact 0870 707 1112.

GENERAL ENQUIRIES

Enquiries about the Company should be directed to:

The Company Secretary
BlackRock Latin American Investment Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 0800 44 55 22

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

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

Additional information

Analysis of ordinary shareholders at 31 December 2014

BY TYPE OF HOLDER

	Number of shares	% of total 2014	% of total 2013	Number of holders	% of total 2014	% of total 2013
Direct private investors	1,135,203	2.9	3.0	552	39.0	34.7
Banks and nominee companies	37,852,852	96.1	96.3	823	58.1	63.2
Banks and nominee companies	381,565	1.0	0.7	41	2.9	2.1
	39,369,620	100.0	100.0	1,416	100.0	100.0

BY SIZE OF HOLDING

	Number of shares	% of total 2014	% of total 2013	Number of holders	% of total 2014	% of total 2013
1-1,000	325,724	0.8	1.0	616	43.5	43.9
1,001-5,000	1,176,321	3.0	3.7	531	37.5	38.9
5,001-10,000	628,595	1.6	1.6	89	6.3	5.5
10,001-100,000	4,165,581	10.6	11.9	125	8.8	8.5
100,001-500,000	9,189,209	23.3	21.5	39	2.7	2.1
500,001-1,000,000	5,898,148	15.0	20.2	8	0.6	0.7
Over 1,000,000	17,986,042	45.7	40.1	8	0.6	0.4
	39,369,620	100.0	100.0	1,416	100.0	100.0

Additional information

Management & other service providers

REGISTERED OFFICE
(Registered in England, No. 2479975)
12 Throgmorton Avenue
London EC2N 2DL

INVESTMENT MANAGER AND COMPANY SECRETARY
BlackRock Investment Management (UK) Limited*
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

ALTERNATIVE INVESTMENT FUND MANAGER**
BlackRock Fund Managers Limited*
12 Throgmorton Avenue
London EC2N 2DL

DEPOSITARY
BNY Mellon Trust & Depositary (UK) Limited*
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

REGISTRAR
Computershare Investor Services PLC*
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0870 707 1112

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

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

SOLICITORS
Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

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

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

Annual general meeting

Notice of annual general meeting

Notice is hereby given that the twenty fifth Annual General Meeting of BlackRock Latin American Investment Trust plc will be held at the offices of BlackRock, 12 Throgmorton Avenue, London EC2N 2DL on Thursday, 30 April 2015 at 12.00 noon for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed in the case of resolutions 1 to 11, as ordinary resolutions and, in the case of resolutions 12 and 13, as special resolutions).

ORDINARY BUSINESS

1. To receive the report of the Directors and the financial statements for the year ended 31 December 2014, together with the report of the Auditors thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 December 2014.

3. To declare a final dividend of 15.00 cents per share.

4. To re-elect Mr Burnell as a Director.

5. To re-elect Mr Monteiro de Castro as a Director.

6. To re-elect Earl St Aldwyn as a Director.

7. To re-elect Dr Doctor as a Director.

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

9. To reappoint PricewaterhouseCoopers LLP as Auditors of the Company until the conclusion of the next AGM of the Company.

10. To authorise the Audit Committee to determine the Auditors' remuneration.

SPECIAL BUSINESS

Ordinary resolution

11. That, in substitution for all existing authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (securities) provided that, unless renewed prior to that time, such authority shall be limited to the allotment of shares and grant of rights in respect of shares with an aggregate nominal amount of up to US$196,848, (representing 5% of the aggregate nominal amount of the issued share capital of the Company at the date of this notice, excluding any treasury shares), provided that this authority shall expire at the conclusion of the next AGM of the Company to be held in 2016 but so that the Company may, before such expiry, make any offer or agreement which would or might require securities to be allotted pursuant to any such offer or agreement as if the authority hereby conferred had not expired.

Special resolutions

12. That, in substitution for all existing authorities and subject to the passing of resolution 11 above, the Directors of the Company be and are hereby empowered pursuant to section 570 and 573 of the Companies Act 2006 (the Act) to allot and make offers of agreement to allot equity securities (as defined in section 560 of the Act), and to sell equity securities held by the Company as treasury shares (as defined in section 724 of the Act) for cash pursuant to the authority granted by resolution 11 above, as if section 561(1) of the Act did not apply to any such allotments and sales of equity securities, provided that this power:

    (a) shall expire at the conclusion of the next AGM of the Company to be held in 2016, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry, the Directors may allot and sell securities in pursuance of such offers or agreements;

    (b) shall be limited to the allotment of equity securities and/or the sale of equity securities held in treasury for cash up to an aggregate nominal amount of US$196,848 (representing 5% of the aggregate nominal amount of the issued share capital of the Company (excluding any treasury shares) at the date of this notice); and

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

13. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 10 cents in the Company (Shares), the Company be and it is hereby authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases of Shares (within the meaning of section 693 of the Act) provided that:

    (a) the maximum number of shares hereby authorised to be purchased is 5,901,506 ordinary shares (being the equivalent of 14.99% of the Company's issued ordinary share capital, excluding treasury shares, at the date of this notice);

    (b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 10 cents;

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

(d) unless renewed prior to such time, the authority hereby conferred shall expire at the conclusion of the next AGM of the Company to be held in 2016 save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry.

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

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

(ii) cancelled immediately upon completion of the purchase.

BY ORDER OF THE BOARD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
24 February 2015

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Annual general meeting

Notice of annual general meeting continued

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is also entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote instead of him/her. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
2. To appoint a proxy you may use the form of proxy enclosed with this annual report. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions printed thereon as soon as possible and in any event by not later than 12.00 noon on 28 April 2015. 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 28 April 2015.
3. Completion of the form of proxy will not prevent you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.
4. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in Notes 1 to 3 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 shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
5. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
6. Only shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
8. Holders of shares through the Savings Schemes are entitled to attend and vote at the meeting if the voting instruction form, which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon.
9. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar by 12.00 noon on 28 April 2015. 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) by 12.00 noon on 28 April 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
12. Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under Section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

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

    Under section 527 of the Companies Act 2006 (the Act), 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 financial statements (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or

    (ii) any circumstance connected with an auditors of the Company ceasing to hold office since the previous meeting at which annual reports and financial statements were laid in accordance with section 437 of the Act.

    The Company may not require the members requesting any such website publication to pay its expenses in complying with section 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on that 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 Act to publish on a website.

14. Under section 338 and 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company:

    (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or

    (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

    A resolution may properly be moved or a matter may properly be included in the business unless:

    (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

    (b) it is defamatory of any person; or

    (c) it is frivolous or vexatious.

    Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 19 March 2015, being the date six clear weeks before the meeting and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

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

16. As at the date of this report, the Company's issued share capital comprised 39,369,620 ordinary shares of 10 cents 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 at the date of this report is 39,369,620.

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

Glossary

NET ASSET VALUE PER SHARE ("NAV")

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing "equity shareholders' funds" by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 31 December 2014 equity shareholders' funds were worth US$276,423,000 and there were 39,369,620 ordinary shares in issue.

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.

NET ASSET VALUE PER SHARE (CAPITAL ONLY NAV)

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

As at 31 December 2014, equity shareholders' funds less the current year revenue return amounted to US$264,039,000 and there were 39,369,620 ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was US$6.71.

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

NET ASSET VALUE PER SHARE WITH INCOME REINVESTED (TOTAL RETURN NAV)

This is the theoretical return on shareholders' funds per share, reflecting the change in value of the NAV per share assuming that dividends paid to shareholders were reinvested at the first opportunity.

As at 31 December 2014, the Cum income NAV stood at US$7.0212; a reinvestment factor of 1.254 (rounded) was applied to reach a calculation of NAV with income reinvested of US$880.69.

DISCOUNT

Investment trust shares frequently trade at a discount to NAV. This occurs when the share price is less than the NAV. In this circumstance, the price that an investor pays or receives for a share would be less than the value attributable to it by reference to the underlying assets. The discount is the difference between the share price (based on mid-market share prices) and the NAV, expressed as a percentage of the NAV. For example, if the share price was 90 cents and the NAV 100 cents, the discount would be 10%.

PREMIUM

A premium occurs when the 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 (based on mid-market share prices) was 100 cents and the NAV 90 cents, the premium would be 11.1%.

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

GEARING

The Company may from time to time utilise gearing. 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.

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.

LEVERAGE

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

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

Leverage ratio = exposure: net asset value

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

Warning to Shareholders

SHARE FRAUD WARNING

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own.

These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad. While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority (FCA) (formerly the Financial Services Authority (FSA)) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Get the name of the person and organisation contacting you.
2. Check the Financial Services Register via **fca.org.uk** to ensure they are authorised.
3. Use the details on the Financial Services Register to contact the firm.
4. Call the FCA Consumer Helpline on **0800 111 6768** if there are no contact details on the Register or you are told they are out of date.
5. Search the FCA's website list of unauthorised firms and individuals to avoid doing business with.
6. **REMEMBER: if it sounds too good to be true, it probably is!**

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

REPORT A SCAM

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at **fca.org.uk/consumers/scams**, where you can find out about the latest investment scams. You can also call the Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on

0300 123 2040

MIX
Paper from responsible sources
FSC® C001785

blackrock.co.uk/brla

BlackRock®

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