

**BlackRock**

# **BlackRock North American Income Trust plc**

Half Yearly Financial Report 30 April 2021









# Financial highlights

**198.00p<sup>1</sup>**

Ordinary share price

▲ **39.2%**<sup>2,3</sup>

**198.02p**

NAV per ordinary share

▲ **28.0%**<sup>2,3</sup>

**£158.9m**

Net assets

**4.00p**

Total interim dividends per share

**4.0%**<sup>3</sup>

Yield

**2.56p**

Revenue earnings per ordinary share

▼ **17.4%**

Percentage comparisons are against 31 October 2020, apart from revenue earnings per ordinary share which are against the six month period ended 30 April 2020.

<sup>1</sup> Mid-market.

<sup>2</sup> Performance figures are calculated in sterling terms with dividends reinvested.

<sup>3</sup> Alternative Performance Measures. See Glossary on pages 37 to 40.

# Why BlackRock North American Income Trust plc?

## Investment objective

The Company's objective is to provide an attractive and growing level of income return with capital appreciation over the long term, predominantly through investment in a diversified portfolio of primarily large-cap U.S. quoted equities.

## Reasons to invest



### Quality

We believe a U.S. value portfolio of high-quality companies can help the Company to achieve participation in upward trending markets and potential capital resiliency during periods of declining stock prices. Therefore, the portfolio typically invests in companies with clean balance sheets, reasonable valuations, sustainable cash flows and attractive risk versus reward potential.



### Lower volatility

The portfolio seeks to provide a client experience that emphasises capital resiliency. By losing less when broad equity returns take a turn for the worse, our clients can be better prepared to meet long-term financial goals.



### Yield

The Company offered an attractive 4.0% dividend yield as at 30 April 2021. Whilst mainly invested in equities, the Company makes use of its reserves where necessary to maintain dividend payments. The Company intends to maintain this dividend policy.



### Expertise

The Company is managed by BlackRock's U.S. Income & Value team, who are responsible for the management of one of the longest tenured equity income franchises in the investment industry. The team consists of three portfolio managers and nineteen research analysts, and it prioritises seasoned leadership and consistent execution of its investment philosophy. BlackRock seeks to hire and retain the best investment talent, and we believe the team's experienced leaders reinforce stability, encourage teamwork and better align our interests with those of our clients.



### Dividend growth

The Company has delivered sound performance through diverse market environments by focusing on companies that not just pay an attractive dividend but grow their dividends over time. Growing dividend payments imposes a degree of capital discipline on company management teams, which we believe makes them better stewards of capital and can help compound equity returns over the long term.



### Closed-end structure

Investment trusts have an independent board of directors elected to protect shareholders' interests and enhance shareholder value. The closed-end structure means the Company does not have to sell assets to meet redemptions and can also retain a proportion of its income to help smooth dividend payments. It can also invest for the long term in a more diverse portfolio of assets.



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Further details about the Company, including the latest annual and half yearly financial reports, fact sheets and stock exchange announcements, are available on the website at [www.blackrock.com/uk/brna](http://www.blackrock.com/uk/brna)

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# Performance record

	As at 30 April 2021	As at 31 October 2020
Net assets (£'000) <sup>1</sup>	158,870	126,410
Net asset value per ordinary share (pence)	198.02	158.06
Ordinary share price (mid-market) (pence)	198.00	145.50
Discount to cum income net asset value <sup>2</sup>	0.0%	7.9%
Russell 1000 Value Index	1546.85	1215.24
<b>Performance (with dividends reinvested)</b>		
Net asset value per share <sup>2</sup>	28.0%	(8.9%)
Ordinary share price <sup>2</sup>	39.2%	(17.9%)
Russell 1000 Value Index	27.3%	(7.5%)

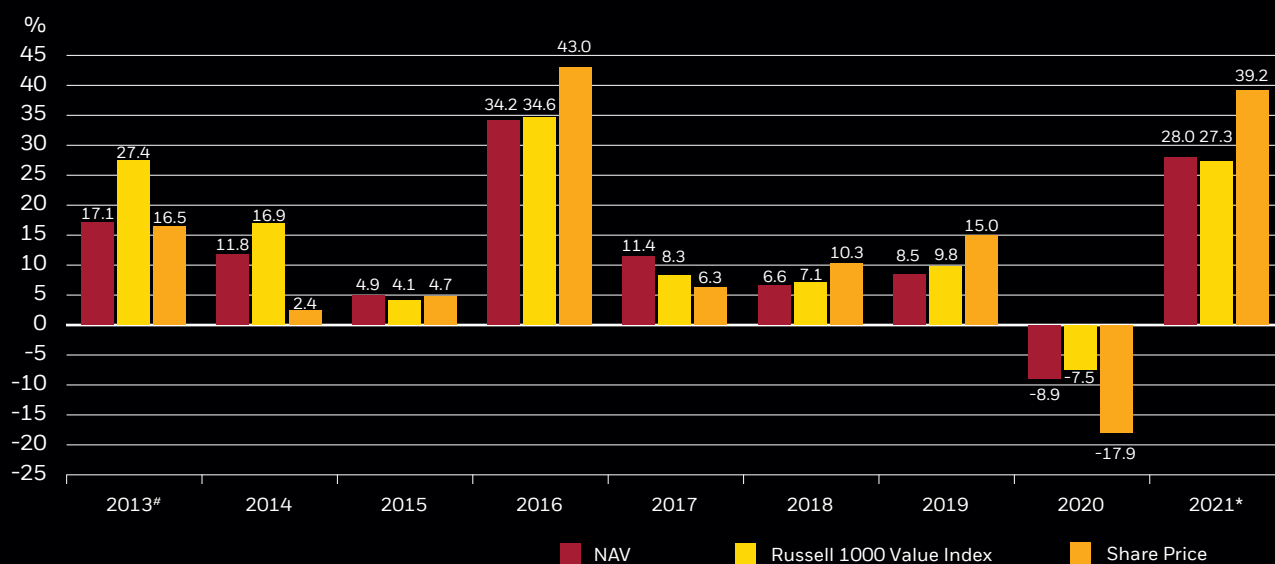
	For the six months ended 30 April 2021	For the six months ended 30 April 2020
<b>Revenue</b>		
Net profit after taxation (£'000)	2,042	2,502
Revenue earnings per ordinary share (pence) <sup>3</sup>	2.56	3.10
<b>Interim dividends (pence)</b>		
1st interim	2.00	2.00
2nd interim	2.00	2.00
Total dividends paid	4.00	4.00

<sup>1</sup> The change in net assets reflects market movements, shares issued, buy backs and dividends paid during the period.

<sup>2</sup> Alternative Performance Measures, see Glossary on pages 37 to 40.

<sup>3</sup> Further details are given in the Glossary on page 39.

## Performance since launch on 24 October 2012 to 30 April 2021



<sup>#</sup> Since launch on 24 October 2012 to 31 October 2013.

\* Six month performance.

Sources: BlackRock and Datastream.

Performance figures have been calculated in sterling terms with dividends reinvested.

# Chairman's statement

# Dear Shareholder



**Simon Miller**  
Chairman

## Market overview

The past six months have seen a recovery in the Company's performance and markets in general. In November 2020 markets rose significantly, primarily driven by the results of the U.S. election and positive data on the effectiveness of vaccines against the COVID-19 infection. At the same time, investors started to take advantage of heavily discounted stocks, the attractive dividend yields on offer and the shift away from growth stocks to value stocks. This has reversed a long period of underperformance by value stocks relative to their faster-growing peers.

## Performance

Against this backdrop over the six months to 30 April 2021, the Company's net asset value per share (NAV) returned 28.0% compared with a return of 27.3% in the Russell 1000 Value Index. The Company's share price returned 39.2% over the same period (all figures in sterling terms with dividends reinvested). Further information on investment performance is given in the Investment Manager's Report.

Since the period end and up to close of business on 25 June 2021, the Company's NAV has increased by 0.3% and the share price has fallen by 5.3% (both percentages in sterling with dividends reinvested).

## Earnings and dividends

The Company's earnings per share for the six months ended 30 April 2021 amounted to 2.56p compared with 3.10p for the corresponding period in 2020. On 23 March 2021, the Board declared the first quarterly dividend of 2.00p per share which was paid on 29 April 2021. A second quarterly dividend of 2.00p per share has been declared and will be paid on 2 July 2021 to shareholders on the register on 21 May 2021. These are in line with payments made in 2020.

As we move through the earnings season, consensus expectations for stronger earnings reports will go hand in hand with an expectation for recovering dividend levels. Dividend projections for the year are already moving slightly higher in the U.S. as companies begin to reinstate dividends following COVID-19 related cuts and suspensions.

## Share issues and buybacks

During the six months to 30 April 2021, the Company's share price to NAV ranged between a discount of 10.8% and a premium of 2.8%. At the end of 2020, the Company bought back and transferred 190,000 shares into treasury. Since March 2021, the Company has reissued 445,000 ordinary shares from treasury at a premium to NAV. Since the period end and up to the date of this report, no further ordinary shares have been reissued or bought back.

## Changes to investment objective and policy

On 5 March 2021, the Board announced that it had taken the decision to implement a review of the Company's investment objective and policy, as the Board believes it should remain both relevant and attractive to existing and new investors. Accordingly, following consultations with shareholders and in conjunction with the Company's brokers Cenkos Securities, the Board is proposing, subject to shareholder approval, that the Company's investment objective and policy be changed.

Underlying these changes is the Board's belief that evolving the mandate and investing in companies which show a commitment to achieving sustainable business models will deliver improved performance over the longer term. Over time it is hoped this should attract new investors and help increase the size of the Company. It has been agreed that Melanie Roberts will be appointed the non-executive Director with responsibility for sustainability following the General Meeting, working alongside the Board and the Portfolio Managers. Shareholders will be provided with an annual update on our portfolio companies' progress and contribution towards positive social and environmental change.

More details on the changes to the investment objective and policy are set out in the accompanying Circular and Notice of General Meeting with the main proposals being to: incorporate sustainable investing principles; maintain the Company's North American equity exposure; preserve the focus on value and dividend paying stocks; invest across the spectrum of mid and large capitalisation companies; have a high conviction portfolio of between 30 and 60 stocks; maintain the current dividend

approach by using a mix of equity dividends and reserves; remove the systematic covered call writing policy but retain flexibility to use options on a selective basis; and commit to gearing to take advantage of the Company's investment trust structure.

The proposals are subject to shareholder approval and the Board will be putting a resolution to shareholders at a General Meeting to be held on Thursday, 29 July 2021. Subject to the proposals being approved by shareholders at the General Meeting, the Company's annual management fee, which is payable quarterly in arrears, will reduce from 0.75% to 0.70% per annum of net asset value. The Board believes that the proposals are in the best interests of the Company and its shareholders as a whole.

## Change of name

The Board intends to change the name of the Company to 'BlackRock Sustainable American Income Trust plc' following the General Meeting, as it believes that it better reflects the proposed investment objective and policy of the Company. The change of name is subject to the new investment objective and policy being approved by shareholders.

## Portfolio management team

Your Board believes that BlackRock's portfolio management team is well qualified to manage the Company under the proposed new investment objective and policy. Having developed a sustainable investment philosophy and approach which will apply to a range of funds, Co-Portfolio Manager Tony DeSpirito is an acknowledged expert in the field of sustainable business practices and has guest-lectured on the topic at Cornell University's (SC Johnson College of Business) Finance and Sustainability Colloquium in recent years.

Earlier this month, Franco Tapia informed BlackRock of his desire to pursue a new opportunity and consequently he ceased to be a Co-Portfolio Manager of the Company on 8 June. The Board would like to thank Franco for his contribution to the Company since 2017. We are confident that, in Tony DeSpirito and David Zhao who remain Co-Portfolio Managers, and who will now be joined by Lisa Yang from BlackRock's Equity Income and Value team, that the Company remains well served by a strong and well-resourced team.

## Outlook

We expect the rotation into value stocks to continue as the U.S. economy picks up and the easing of lockdown continues. The broad distribution of vaccines, pent-up consumer demand and excess savings should help drive a normalisation of activity and spending. Continued monetary and fiscal support is also important and an additional US\$1.9 trillion economic stimulus bill was signed into law by Congress in March to speed up the United States' recovery from the pandemic.

The Portfolio Managers are positive on the outlook for U.S. stocks given the above policy support, vaccine progress and pent-up demand. The wide valuation spreads between growth and value stocks creates opportunities for active managers. It is key for the delivery of attractive investment returns over the long term. We encourage shareholders actively to support the proposed changes to the Company's investment objective and policy and are confident that they will enhance further the Company's appeal in the years to come.

**Simon Miller**

29 June 2021



# Investment manager's report



**Tony DeSpirito**



**David Zhao**



**Lisa Yang**

## **Market overview**

For the six-month period ended 30 April 2021, U.S. large cap stocks, as represented by the S&P 500® Index, advanced by 20.3% in sterling terms. Cyclical value stocks, those most beaten down in the COVID-19 crisis, assumed market leadership during the period with the Russell 1000 Value Index returning +27.3% and the Russell 1000 Growth Index returning +16.1% (both in sterling terms with dividends reinvested). Positive market returns were persistent as the S&P 500® Index rose in five out of six months, with January 2021 being the lone exception. Performance was especially strong in November 2020, as clarity from the U.S. election results and the realisation of viable COVID-19 vaccines boosted expectations for economic growth.

During the reporting period the U.S. economy was fuelled on multiple fronts, including continued monetary policy support, where investors were encouraged by prospects for the

Federal Reserve's liquidity tailwind to remain in place. Investor sentiment was also boosted by the signing into law of the American Rescue Plan, a US\$1.9 trillion fiscal stimulus package which included circa US\$410 billion in new direct payments to Americans and an allocation of circa US\$246 billion to extend existing federal unemployment programmes. Finally, further progress on vaccine supply and distribution was a positive development.

## **Portfolio overview**

The largest contributor to relative performance was stock selection and allocation decisions in the financials sector. Notably, stock selection and an overweight to the banks industry proved beneficial, as did stock selection in capital markets and insurance. In health care, stock selection in the health care equipment & supplies and pharmaceuticals industries boosted relative results, as did an underweight to the life sciences tools & services and biotechnology industries. Other

contributors during the period included an underweight to utilities and stock selection in the consumer staples sector.

At the sector level, the largest detractor from relative performance was stock selection in communication services. Notably, selection decisions in diversified telecom services and a lack of exposure to the entertainment and interactive media & services industries weighed on relative returns. In industrials, stock selection in aerospace and defence, professional services and road and rail proved costly, as did a lack of exposure to the airlines and machinery industries. At the industry level, other detractors during the period included stock selection in personal products and information technology services. The portfolio's cash position also meaningfully weighed on relative returns amid sharply rising U.S. stock prices.

The portfolio's option overwriting strategy boosted portfolio income during the semi-annual period. However, it weighed on relative returns as writing and selling call options limited the portfolio's upside capture.

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

### **Financials: 6.4% overweight (27.5% of the portfolio)**

Financials represent the Company's largest sector allocation and we are overweight to the banks, insurance and capital markets industries. We believe the U.S. banks are safer and sounder investments today than before the financial crisis. We prefer large-cap diversified banks over regional banks, as they have a better revenue mix (i.e. higher fees as a percentage of revenues), have higher reserves against potential credit losses and have stronger balance sheets (i.e.

higher capital levels). Additionally, their scale allows them to continue to invest in technology, which could lead to additional revenue and efficiency opportunities over time. In our view, bank valuations are compelling relative to other cyclical sectors (i.e. industrials) and investor-friendly capital return policies (i.e. attractive dividends) should be restored as economic activity continues to improve.

Regarding insurers and insurance brokers, we like these companies for their attractive valuations and relatively stable business models. Over the last year, property and casualty insurers and brokers have benefited from strong pricing power, which has resulted in expanding profit margins. Pricing power is reflective of low U.S. interest rates, three straight years of larger than expected catastrophe losses and large institutions (i.e. AIG) taking capacity out of the market. Meanwhile, our exposure to life insurers is concentrated in stocks with attractive valuations that stand to benefit from business model shifts or large capital return plans.

Lastly, our investments in financials also diversify into areas such as wealth management and consumer finance. We are particularly bullish on wealth management, as this segment is a growing pie within financial services. It offers us exposure to firms with differentiated platforms that are closely aligned with end customers and capable of delivering attractive organic growth and market share gains over time.

### **Health Care: 3.9% overweight (16.5% of the portfolio)**

Secular growth opportunities in health care are a byproduct of demographic trends, as older populations spend more on health care than younger populations. In the United States, a combination of greater demand for

health care services and rising costs drive a need for increased efficiency within the health care ecosystem. We believe innovation and strong cost control can work together to address this need and companies that can contribute in this regard are poised to benefit.

On the innovation front there is a need for newer and more effective medicines and therapies. While many biotechnology companies offer cutting edge potential in this regard, we prefer to invest in large-cap pharmaceuticals due to their dividend profiles and better earnings stability. Within pharma we seek to invest in firms with attractive drug pipelines, opportunities for self-help (i.e. cost cutting), or proven track records in generating high research and development productivity. On the other hand, we generally avoid companies with one or two key drugs that rely on raising prices to drive growth. Outside of pharma, the portfolio also has an overweight allocation to the health care equipment & supplies industry. Our positioning is stock specific, but thematically we believe these companies could benefit as people go back to hospitals for ailments that they delayed seeking treatment for during the pandemic (i.e. hip and knee replacements, etc.).

From a cost perspective, health maintenance organisations (HMOs) have an economic incentive to drive down costs as they provide health insurance coverage to constituents. The HMOs have demonstrated a strong ability to manage costs by leveraging their scale and technology to drive efficiencies. Governments, in turn, are increasingly outsourcing to HMOs to lower costs and balance their budgets. We prefer HMOs with diversified business units, exposure to faster-growing areas of government including Medicare and Medicaid and opportunities to enhance their profitability through controlling costs.



### **Energy: 2.0% overweight (6.9% of the portfolio)**

The portfolio has been overweight to the energy sector. From a quality standpoint we seek to own companies with experienced management teams, disciplined capital expenditure spending plans and exposure to lower cost resource assets. From a valuation standpoint we seek to own companies with free cash flow generation and margin capture stories that are underappreciated by the market.

These views tend to steer us towards attractively priced producers with low operating costs and clearly defined capital return frameworks. During periods of higher commodity prices, we prefer to see excess cash flows paid out via dividends and/or buybacks with companies keeping their capital expenditure plans flat (i.e. sticking to their long-term plans and not chasing growth). We also prefer companies with low financial leverage (i.e. strong balance sheets), as they are better positioned to endure down cycles and avoid dilutive actions that permanently impair shareholder equity.

### **Information Technology: 1.3% overweight (10.5% of the portfolio)**

An increasing number of companies in the technology sector are what we refer to as 'industrial tech'. These firms are competitively insulated from disruptors, well-positioned to take advantage of long-term secular tailwinds, and exhibit growth in earnings and free cash flow. Strong earnings growth and free cash flow generation is also translating to an increasing number of companies paying growing dividends to shareholders. This is in stark contrast to the dot-com era where growth was often prioritised over shareholder return. We believe this trend is poised to continue. Our preferred exposures in the sector include IT services operators

and equipment providers with sticky revenue streams (i.e. Cognizant Technology Solutions, Visa, Cisco Systems and Motorola Solutions). We also continue to invest in software companies with capital-light business models (i.e. Microsoft and SS&C Technologies).

### **Consumer Staples: 0.7% overweight (7.7% of the portfolio)**

The consumer staples sector is a common destination for the conservative equity income investor. Historically, many of these companies have offered investors recognisable brands, diverse revenue streams, exposure to growing end markets and the ability to garner pricing power. These characteristics, in turn, have translated into strong and often stable free cash flow and growing dividends for shareholders. In recent years some of these secular advantages have become challenged, in our view, due to changing consumer preferences, greater end market competition from local brands and disruption from the rapid adoption of online shopping. These challenges, combined with higher than historical valuations, have facilitated our modest overweight positioning in the sector. Notably, we prefer ownership of companies with underappreciated growth profiles (i.e. Unilever and Constellation Brands), sticky customer bases (i.e. Coca-Cola), or trade at overly pessimistic valuations (i.e. Altria).

### **Utilities: 0.9% underweight (4.2% of the portfolio)**

Relative valuations for utilities have become more attractive over the last year and this shift has contributed to our reduced underweight in the sector. We are finding pockets of investment opportunity in U.S. regulated utilities such as Ameren, American Electric Power, Edison International, Exelon,

NiSource, Public Service Enterprise Group and Southern Company. These utilities add a level of stability and defensiveness to the portfolio through their predictable earnings and attractive dividend yields.

### **Consumer Discretionary: 2.0% underweight (5.9% of the portfolio)**

The portfolio has an underweight to consumer discretionary. We remain cautious in the space due to potential disruption risks and we seek to insulate the portfolio from competitive threats by investing in stocks that either trade at discounted valuations or have advantaged business models. Exposure to the sector is driven by bottom-up, company specific investment opportunities in areas such as autos and retail. For example, we believe companies such as General Motors (autos) and Lear (auto components) offer investors exposure to underappreciated franchises at discounted valuations. Furthermore, discount retailers such as Ross Stores and TJX Companies provide us with exposure to companies that are more immune to e-commerce and its disruptive forces.

### **Materials: 3.2% underweight (1.6% of the portfolio)**

The portfolio is underweight to materials and our positioning in the sector consists of three chemicals stocks: Corteva, PPG Industries and DuPont De Nemours. Longer-term secular trends in global population growth can potentially benefit well-positioned companies in the agricultural chemical space. Furthermore, we view PPG Industries, a coatings company, as a quality business that can compound earnings over a full business cycle.

### **Communication Services: 3.3% underweight (5.9% of the portfolio)**

The portfolio has an underweight to communication services. Our underweight is driven by expensive valuations and a lack of dividend payers in the entertainment and interactive media & services industries. Meanwhile, the portfolio is modestly overweight to the diversified telecom services and media industries. Notable portfolio holdings include Verizon Communications (telecoms), Comcast (media) and Fox Corp. (media). Both Verizon and Comcast are long-term portfolio holdings. Verizon operates a stable, defensive business and offers us an attractive dividend yield. We view Comcast as a steady earnings compounder driven by a strong competitive position and structural growth in broadband internet.

### **Real Estate: 4.5% underweight (0.0% of the portfolio)**

The portfolio has no exposure to real estate and the sector represents a significant underweight relative to the benchmark index. The underweight is due to our view that valuations are unattractive at current prices. While we continue to evaluate companies in the sector for potential investment, we currently remain on the sidelines.

### **Industrials: 7.3% underweight (6.5% of the portfolio)**

The portfolio is meaningfully underweight to the industrials sector. Our selectivity is driven by relative valuations, which we view as expensive in many cases, versus other cyclical segments of the U.S. equity market. Our positioning in the sector is stock specific, with core holdings in industrial conglomerates (i.e. General Electric and Siemens) and in aerospace & defence (i.e. BAE Systems).

### **Positioning and outlook**

Our constructive view on U.S. stocks is underpinned by several factors. These include continued monetary and fiscal policy support, vaccine progress, our belief that pent-up demand could drive a vigorous spending cycle, and the potential for strong consumer balance sheets to drive deployment of excess cash via spending (i.e. good for the economy) or investment (i.e. good for financial assets). This market perspective is largely consensus, yet we believe investors may be underappreciating the magnitude of the budding economic restart. The unprecedented nature of the global pandemic plays a role in this respect, as it has resulted in an equally unique recovery so far, one which throws a twist into the traditional post-recession playbook.

As we have discussed previously, COVID-19's impact on employment and activity levels is more akin to a large-scale natural disaster than a credit crisis or normal business cycle recession. For example, initial pandemic lockdowns cratered economic activity, but activity levels rebounded sharply as lockdown measures were lifted. This distinction is important because we believe the economic restart is about turning the lights back on and not about healing deep economic scars or rebuilding confidence, as it was following the global financial crisis (GFC). To this point, consumer balance sheets are meaningfully stronger today than when compared to similar stages in past economic recoveries. Consumer savings, home prices and household net worth have all increased during the trailing twelve months as lockdown measures limited spending, government stimulus helped to offset lost income and many asset classes (i.e. U.S. stocks, residential real estate, etc.) appreciated in value. Additionally, there is an intense desire to return to normal,

especially for consumer spending on services. Also unique to the COVID-19 economic shock is the size of fiscal policy support. BlackRock's Investment Institute (BII) estimates the annual impact to U.S. gross domestic product from COVID-19 is roughly one-fourth the size of the impact suffered during the GFC. Yet, BII estimates the fiscal policy response during COVID-19 is six times larger. For these reasons, we believe a strong acceleration in economic growth is possible and that it could ultimately surprise to the upside, as the vaccine is rolled out more broadly in the months ahead.

As always, the strategy invests primarily in dividend paying companies and seeks to deliver capital appreciation and current income over time. We are excited about the proposed changes to the Company's investment objective and policy. We strongly believe in the long-term benefits of a sustainable investment approach and welcome the opportunity to broaden the market capitalisation range to include more mid-cap opportunities. We hope that shareholders will share this enthusiasm and vote in favour of the proposed changes.

**Tony DeSpirito, David Zhao and Lisa Yang**  
BlackRock Investment Management LLC  
29 June 2021





# Ten largest investments

## **1 ▲ Wells Fargo** (2020: 9th)

**Sector: Financials**

**Market value: £5,690,000**

**Share of investments: 3.9%** (2020: 2.3%)

A U.S. bank which operates in three segments including community banking, wholesale banking and wealth & investment management. Wells Fargo has a strong deposit franchise and we are encouraged by the company's history of strong investment returns and prudent credit risk management. Wells Fargo's expense growth has been a large problem since the company's cross-selling scandal in 2016 and, under new management, we are encouraged by organisational changes and the firm's large cost-cutting opportunity. The investment thesis requires patience, but we view shares of the company as offering an attractive margin of safety relative to its capital base and valuation.

## **2 ▲ Citigroup** (2020: 3rd)

**Sector: Financials**

**Market value: £5,485,000**

**Share of investments: 3.7%** (2020: 2.8%)

Citigroup is a U.S. based money center bank with a global footprint. The company offers investors an attractive relative valuation versus financials peers and the broader market, as measured by forward price-to-earnings and price-to-tangible-book-value. Citigroup's low valuation, combined with the company's strong capital base (i.e. ample reserves and excess capital), create an attractive risk versus reward setup for the stock.

## **3 ▲ American International Group**

(2020: 6th)

**Sector: Financials**

**Market value: £4,289,000**

**Share of investments: 2.9%** (2020: 2.4%)

New management at American International Group (AIG) has spent the past three years fixing a variety of operational issues at the firm. Notably, AIG has expanded margins, increased reserves, lowered expenses and better managed catastrophe losses via improved use of reinsurance. Despite these developments, the stock still trades meaningfully below price-to-tangible-book value. We continue to like the stock and are also constructive on management's ability to unlock value via a planned IPO of the firm's life insurance business.

## **4 ▼ Verizon Communications** (2020: 1st)

**Sector: Communication Services**

**Market value: £4,034,000**

**Share of investments: 2.7%** (2020: 4.0%)

Verizon is one of the largest providers of wireline and wireless communications in the U.S. The company's wireless customer base is very sizable and continues to grow. Verizon remains in a strong financial position and exhibits a sustainable dividend yield above 4%. Going forward, we expect continued expansion in wireless, long distance and high-speed services to drive company growth.

## **5 ▲ Cisco Systems** (2020: 41st)

**Sector: Information Technology**

**Market value: £4,019,000**

**Share of investments: 2.7%** (2020: 1.0%)

Cisco Systems is a global leader in networking equipment with key businesses in technology infrastructure (i.e. switching, routing, data center and wireless), applications (i.e. software), security, and services (i.e. maintenance and advisory). Cisco is a strong cash flow generator with sustainable growth potential given its diversified portfolio and large installed base. We believe there is also potential for a further rerating of the company's valuation as it pivots to more software/recurring revenue content over time.



## 6 ▼ Anthem (2020: 5th)

### Sector: Health Care

Market value: £3,679,000

Share of investments: 2.5% (2020: 2.5%)

Anthem is a leading company in the stable, high quality U.S. managed care industry (i.e. health insurance). We believe the HMOs are positioned to benefit from new membership growth, continued downward pressures on cost trend and consolidation. This can potentially result in both accelerating earnings growth and higher valuation multiples for the peer group over time. Anthem has a discounted valuation versus peers, which we find attractive, and offers potential upside from its pharmacy benefits manager contract and from utilisation of its balance sheet for share buybacks.

## 7 ▼ Bank of America (2020: 2nd)

### Sector: Financials

Market value: £3,453,000

Share of investments: 2.3% (2020: 3.2%)

Bank of America is one of the largest financial institutions in the U.S. with consumer, small-business and corporate lending operations, as well as divisions in asset management and investment banking. The company is focused on managing expenses and returning excess capital back to shareholders, which we like, and has a history of delivering consistent and responsible growth over time.

## 8 ▲ General Motors (2020: 16th)

### Sector: Consumer Discretionary

Market value: £3,223,000

Share of investments: 2.2% (2020: 2.0%)

General Motors (GM) went through bankruptcy during the global financial crisis and over the past decade the company has radically transformed its business model and cost structure. Some investors still think of GM as a sprawling global car manufacturer, but this is no longer the case. At its core, today's GM is a North American truck manufacturer, a Chinese auto company and an electric vehicle/autonomous vehicle (EV/AV) business. All three of these units are growth businesses and, in our view, their EV/AV franchise is underappreciated by the broader market.

## 9 ▼ Comcast (2020: 7th)

### Sector: Communication Services

Market value: £3,220,000

Share of investments: 2.2% (2020: 2.4%)

Comcast is an American media conglomerate that provides video streaming, television programming, highspeed internet, cable television and communication services to its worldwide customer base. The company is a steady compounder, driven by a strong competitive position and structural growth in broadband internet. In our view, market fears around cord-cutting and capital allocation are overdone, providing an attractive opportunity.

## 10 ▲ Sanofi (2020: 13th)

### Sector: Health Care

Market value: £3,201,000

Share of investments: 2.2% (2020: 2.2%)

Sanofi checks a lot of boxes that we look for in a pharmaceutical investment. The company has a strong commercial business and an under-appreciated pipeline that we believe is not fully reflected in the stock's valuation. Sanofi recently hired a new CEO who holds a wealth of turn-around experience and the new hire has already begun to demonstrate a path to margin improvement. Additionally, we view the firm's relatively low U.S. revenue exposure as attractive given potential risks related to U.S. drug pricing changes. Lastly, on a sum-of-the-parts basis, we believe the company's vaccine and consumer health segments are undervalued by the broader market.

Market value amounts include the liability for written covered call options. All percentages reflect the value of the holding as a percentage of total investments.

Percentages in brackets represent the value of the holding as at 31 October 2020.

Together, the ten largest investments represent 27.3% of the Company's portfolio (31 October 2020: 26.8%).

# Portfolio analysis

as at 30 April 2021

Sectors	% Canada	% France	% Germany	% Ireland	% Netherlands	% Norway	% Switzerland	% United Kingdom	% United States	% Cash	% Total 30.04.21	% Total 31.10.20
Financials	-	-	-	-	-	-	-	-	27.5	-	27.5	24.7
Health Care	-	2.0	1.6	1.8	1.5	-	0.9	1.2	7.5	-	16.5	16.9
Information Technology	0.5	-	-	-	0.1	-	-	-	9.9	-	10.5	11.7
Energy	-	-	-	-	-	0.8	-	0.9	5.2	-	6.9	6.6
Consumer Staples	-	0.9	1.2	-	1.9	-	-	0.1	3.6	-	7.7	9.2
Industrials	-	-	1.3	-	-	-	-	1.9	3.3	-	6.5	6.4
Communication Services	-	-	-	-	-	-	-	-	5.9	-	5.9	7.1
Consumer Discretionary	-	-	-	-	-	-	-	-	5.9	-	5.9	4.9
Utilities	-	-	-	-	-	-	-	-	4.2	-	4.2	4.0
Materials	-	-	-	-	-	-	-	-	1.6	-	1.6	2.1
Cash	-	-	-	-	-	-	-	-	-	6.8	6.8	6.4
<b>% Portfolio 30.04.21</b>	<b>0.5</b>	<b>2.9</b>	<b>4.1</b>	<b>1.8</b>	<b>3.5</b>	<b>0.8</b>	<b>0.9</b>	<b>4.1</b>	<b>74.6</b>	<b>6.8</b>	<b>100.0</b>	
% Portfolio 31.10.20	0.4	2.3	3.7	2.2	4.9	0.8	1.7	4.2	73.4	6.4		100.0

# Investments

as at 30 April 2021

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Wells Fargo	United States	Financials	Ordinary shares	5,690	3.9
Citigroup	United States	Financials	Ordinary shares	5,485	3.7
American International Group	United States	Financials	Ordinary shares Options	4,325 (36)	2.9
Verizon Communications	United States	Communication Services	Ordinary shares Options	4,041 (7)	2.7
Cisco Systems	United States	Information Technology	Ordinary shares Options	4,024 (5)	2.7
Anthem	United States	Health Care	Ordinary shares	3,679	2.5
Bank of America	United States	Financials	Ordinary shares Options	3,482 (29)	2.3
General Motors	United States	Consumer Discretionary	Ordinary shares Options	3,234 (11)	2.2
Comcast	United States	Communication Services	Ordinary shares Options	3,239 (19)	2.2
Sanofi	France	Health Care	Ordinary shares Options	3,213 (12)	2.2
Morgan Stanley	United States	Financials	Ordinary shares Options	3,151 (22)	2.1
BAE Systems	United Kingdom	Industrials	Ordinary shares	3,079	2.1
Unilever	Netherlands	Consumer Staples	Ordinary shares Options	3,008 (27)	2.0
Medtronic	Ireland	Health Care	Ordinary shares Options	2,946 (31)	2.0
Berkshire Hathaway	United States	Financials	Ordinary shares Options	2,658 (22)	1.8
Altria	United States	Consumer Staples	Ordinary shares Options	2,586 (13)	1.7
General Electric	United States	Industrials	Ordinary shares Options	2,579 (7)	1.7
Bayer	Germany	Health Care	Ordinary shares	2,456	1.7
Koninklijke Philips	Netherlands	Health Care	Ordinary shares	2,452	1.7
Marathon Petroleum	United States	Energy	Ordinary shares Options	2,464 (17)	1.7
Arthur J. Gallagher & Co	United States	Financials	Ordinary shares Options	2,405 (52)	1.6
Cognizant Technology Solutions	United States	Information Technology	Ordinary shares Options	2,336 (16)	1.6
Schwab (Charles)	United States	Financials	Ordinary shares Options	2,310 (21)	1.6
Zimmer Biomet	United States	Health Care	Ordinary shares Options	2,158 (27)	1.4
Fox Corp.	United States	Communication Services	Ordinary shares Options	2,093 (15)	1.4
Raymond James	United States	Financials	Ordinary shares Options	2,094 (25)	1.4
JPMorgan Chase	United States	Financials	Ordinary shares Options	2,044 (9)	1.4
Public Service Enterprise Group	United States	Utilities	Ordinary shares Options	2,002 (9)	1.4
MetLife	United States	Financials	Ordinary shares Options	2,004 (15)	1.3
Siemens	Germany	Industrials	Ordinary shares Options	1,940 (8)	1.3



# Investments

continued

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Henkel	Germany	Consumer Staples	Ordinary shares Options	1,855 (4)	} 1.3
AstraZeneca	United Kingdom	Health Care	Ordinary shares Options	1,866 (17)	
Williams	United States	Energy	Ordinary shares Options	1,829 (24)	} 1.2
Ross Stores	United States	Consumer Discretionary	Ordinary shares Options	1,804 (22)	
CVS Health	United States	Health Care	Ordinary shares Options	1,780 (10)	} 1.2
Constellation Brands	United States	Consumer Staples	Ordinary shares Options	1,692 (13)	
ConocoPhillips	United States	Energy	Ordinary shares Options	1,634 (5)	} 1.1
Visa	United States	Information Technology	Ordinary shares Options	1,615 (16)	
Cigna	United States	Health Care	Ordinary shares Options	1,532 (11)	} 1.0
Danone	France	Consumer Staples	Ordinary shares Options	1,480 (1)	
Samsung Electronics	United States	Information Technology	Ordinary shares Options	1,479 (6)	} 1.0
Coca-Cola	United States	Consumer Staples	Ordinary shares Options	1,439 (8)	
Alcon	Switzerland	Health Care	Ordinary shares Options	1,439 (9)	} 1.0
BP	United Kingdom	Energy	Ordinary shares Options	1,415 (3)	
Equitable Holdings	United States	Financials	Ordinary shares	1,384	} 0.9
Pioneer Natural Resources	United States	Energy	Ordinary shares Options	1,390 (9)	
Fidelity National	United States	Financials	Ordinary shares Options	1,394 (15)	} 0.9
Union Pacific	United States	Industrials	Ordinary shares Options	1,377 (6)	
SS&C Technologies Holdings	United States	Information Technology	Ordinary shares Options	1,353 (14)	} 0.9
Equinor ASA	Norway	Energy	Ordinary shares Options	1,221 (8)	
UnitedHealth Group	United States	Health Care	Ordinary shares Options	1,202 (5)	} 0.8
Edison International	United States	Utilities	Ordinary shares Options	1,182 (2)	
McKesson	United States	Health Care	Ordinary shares	1,151	} 0.8
Motorola Solutions	United States	Information Technology	Ordinary shares Options	1,155 (7)	
Microsoft	United States	Information Technology	Ordinary shares Options	1,140 (1)	} 0.8
Kinder Morgan	United States	Energy	Ordinary shares Options	1,123 (8)	
Blackstone Group	United States	Financials	Ordinary shares Options	1,109 (8)	} 0.8
Lear	United States	Consumer Discretionary	Ordinary shares Options	1,095 (9)	

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Capital One Financial	United States	Financials	Ordinary shares Options	1,098 (20)	} 0.7
PPG Industries	United States	Materials	Ordinary shares Options	1,090 (32)	
Allstate	United States	Financials	Ordinary shares Options	1,019 (17)	} 0.7
Newell Brands	United States	Consumer Discretionary	Ordinary shares Options	951 (6)	
Corteva	United States	Materials	Ordinary shares Options	948 (15)	} 0.6
American Express	United States	Financials	Ordinary shares Options	942 (11)	
Ameren	United States	Utilities	Ordinary shares Options	902 (8)	} 0.6
Dollar General	United States	Consumer Discretionary	Ordinary shares Options	900 (6)	
CDK Global	United States	Information	Ordinary shares Options	889 (4)	} 0.6
NiSource	United States	Utilities	Ordinary shares Options	884 (6)	
Huntington Ingalls Industries	United States	Industrials	Ordinary shares Options	865 (10)	} 0.6
Open Text	Canada	Information Technology	Ordinary shares Options	822 (2)	
TJX Companies	United States	Consumer Discretionary	Ordinary shares Options	744 (3)	} 0.5
Exelon	United States	Utilities	Ordinary shares Options	683 (2)	
Lowe's Companies	United States	Consumer Discretionary	Ordinary shares Options	626 (2)	} 0.4
CDW	United States	Information Technology	Ordinary shares Options	570 (14)	
American Electric Power	United States	Utilities	Ordinary shares Options	497 (3)	} 0.3
Southern	United States	Utilities	Ordinary shares Options	497 (3)	
Fidelity National Information Services	United States	Information Technology	Ordinary shares Options	492 (3)	} 0.3
Intercontinental Exchange	United States	Financials	Ordinary shares Options	485 (2)	
Leidos Holdings	United States	Information Technology	Ordinary shares Options	484 (4)	} 0.3
DuPont De Nemours	United States	Materials	Ordinary shares Options	458 (2)	
Raytheon Technologies	United States	Industrials	Ordinary shares Options	439 (3)	} 0.3
Humana	United States	Health Care	Ordinary shares Options	425 (1)	
Applied Materials	United States	Information Technology	Ordinary shares Options	346 (2)	} 0.2
First Citizens BancShares	United States	Financials	Ordinary shares	250	
NXP Semiconductors	Netherlands	Information Technology	Ordinary shares Options	239 (2)	} 0.2
First American	United States	Financials	Ordinary shares Options	240 (5)	

# Investments

continued

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Siemens Energy	Germany	Industrials	Ordinary shares Options	194 (1)	} 0.1
British American Tobacco	United Kingdom	Consumer Staples	Ordinary shares	141	
<b>Portfolio</b>				<b>147,547</b>	<b>100.0</b>
<b>Comprising:</b>					
Equity investments				148,432	100.6
Derivative financial instruments – written options				(885)	(0.6)
				<b>147,547</b>	<b>100.0</b>

All investments are in ordinary shares unless otherwise stated. The number of holdings as at 30 April 2021 was 88 (31 October 2020: 78). The total number of individual open options as at 30 April 2021 was 174 (31 October 2020: 171).

The negative valuation of £885,000 in respect of options held represents the notional cost of repurchasing the contracts at market prices as at 30 April 2021 (31 October 2020: £348,000).

At 30 April 2021, the Company did not hold any equity interests comprising more than 3% of any company's share capital.



# Interim management report and responsibility statement

The Chairman's Statement on pages 5 and 6 and the Investment Manager's Report on pages 7 to 10 give details of the important events which have occurred during the period and their impact on the financial statements.

## Principal risks and uncertainties

The principal risks faced by the Company can be divided into various areas as follows:

- Counterparty;
- Investment performance;
- Legal & Compliance;
- Market;
- Operational;
- Financial; and
- Marketing.

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the year ended 31 October 2020. A detailed explanation can be found in the Strategic Report on pages 35 to 38 and in note 14 on pages 92 to 100 of the Annual Report and Financial Statements which are available on the website maintained by BlackRock at [blackrock.com/uk/brna](http://blackrock.com/uk/brna).

An outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 has developed into a global pandemic and has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in health care service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions and lower consumer demand, as well as general concern and uncertainty. The impact of COVID-19 has adversely affected the economies of many nations across the entire global economy, individual issuers and capital markets, and could continue to an extent that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established health care systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

## Going concern

The Board is mindful of the uncertainty surrounding the potential duration of the COVID-19 pandemic and its impact on the global economy, the Company's assets and the potential for the level of revenue derived from the portfolio to reduce versus the prior year. The Portfolio Managers will continue to review the composition of the Company's portfolio and to be pro-active in taking investment decisions.

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. The Board believes that the Company and its key third party service providers have in place appropriate business continuity plans and these services have continued to be supplied without interruption throughout the COVID-19 pandemic.

The Company has a portfolio of investments which are predominantly readily realisable and is able to meet all its liabilities from its assets and income generated from these assets. Accounting revenue and expense forecasts are maintained and reported to the Board regularly and it is expected that the Company will be able to meet all its obligations. Borrowings under the overdraft facility shall at no time exceed 20% of the Company's net assets (calculated at the time of draw down), although the Board intends only to utilise borrowings representing 10% of net assets at the time of draw down, and this covenant was complied with during the period.

Based on the above, the Board is satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. Ongoing charges for the year ended 31 October 2020 were 1.06% of net assets and it is expected that this is unlikely to change significantly going forward.

## Related party disclosure and transactions with the Manager

BlackRock Fund Managers Limited (BFM) was appointed as the Company's Alternative Investment Fund Manager (AIFM) with effect from 2 July 2014. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Both BFM and BIM (UK) are regarded as related parties under the Listing Rules. Details of the fees payable are set out in note 4 on page 26 and note 11 on pages 30 and 31.

The related party transactions with the Directors are set out in note 12 on page 31.

# Interim management report and responsibility statement

continued

## Directors' responsibility statement

The Disclosure Guidance and Transparency Rules (DTR) of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the Half Yearly Financial Report has been prepared in accordance with applicable International Accounting Standard 34 – 'Interim Financial Reporting'; and
- the Interim Management Report, together with the Chairman's Statement and Investment Manager's Report, include a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.

This Half Yearly Financial Report has not been audited or reviewed by the Company's auditors.

The Half Yearly Financial Report was approved by the Board on 29 June 2021 and the above responsibility statement was signed on its behalf by the Chairman.

### Simon Miller

For and on behalf of the Board  
29 June 2021

# Statement of comprehensive income

for the six months ended 30 April 2021

	Notes	Six months ended 30 April 2021 (unaudited)			Six months ended 30 April 2020 (unaudited)			Year ended 31 October 2020 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income from investments held at fair value through profit or loss	3	1,777	–	1,777	1,949	–	1,949	4,015	–	4,015
Other income	3	939	–	939	1,307	–	1,307	2,954	–	2,954
<b>Total revenue</b>		<b>2,716</b>	<b>–</b>	<b>2,716</b>	<b>3,256</b>	<b>–</b>	<b>3,256</b>	<b>6,969</b>	<b>–</b>	<b>6,969</b>
Net profit/(loss) on investments and options held at fair value through profit or loss		–	33,955	33,955	–	(17,509)	(17,509)	–	(18,286)	(18,286)
Net (loss)/profit on foreign exchange		–	(596)	(596)	–	462	462	–	233	233
<b>Total</b>		<b>2,716</b>	<b>33,359</b>	<b>36,075</b>	<b>3,256</b>	<b>(17,047)</b>	<b>(13,791)</b>	<b>6,969</b>	<b>(18,053)</b>	<b>(11,084)</b>
<b>Expenses</b>										
Investment management fee	4	(138)	(414)	(552)	(131)	(393)	(524)	(250)	(751)	(1,001)
Other operating expenses	5	(242)	(5)	(247)	(208)	(10)	(218)	(451)	(21)	(472)
<b>Total operating expenses</b>		<b>(380)</b>	<b>(419)</b>	<b>(799)</b>	<b>(339)</b>	<b>(403)</b>	<b>(742)</b>	<b>(701)</b>	<b>(772)</b>	<b>(1,473)</b>
<b>Net profit/(loss) on ordinary activities before taxation</b>		<b>2,336</b>	<b>32,940</b>	<b>35,276</b>	<b>2,917</b>	<b>(17,450)</b>	<b>(14,533)</b>	<b>6,268</b>	<b>(18,825)</b>	<b>(12,557)</b>
Taxation		(294)	79	(215)	(415)	75	(340)	(901)	143	(758)
<b>Profit/(loss) for the period</b>		<b>2,042</b>	<b>33,019</b>	<b>35,061</b>	<b>2,502</b>	<b>(17,375)</b>	<b>(14,873)</b>	<b>5,367</b>	<b>(18,682)</b>	<b>(13,315)</b>
<b>Earnings/(loss) per ordinary share (pence)</b>	7	<b>2.56</b>	<b>41.36</b>	<b>43.92</b>	<b>3.10</b>	<b>(21.53)</b>	<b>(18.43)</b>	<b>6.65</b>	<b>(23.14)</b>	<b>(16.49)</b>

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period. All income is attributable to the equity holders of the Company.

The Company does not have any other comprehensive income/(loss). The net profit/(loss) for the period disclosed above represents the Company's total comprehensive income/(loss).



# Statement of changes in equity

for the six months ended 30 April 2021

Note	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>For the six months ended 30 April 2021 (unaudited)</b>							
At 31 October 2020	1,004	44,533	1,460	37,839	38,222	3,352	126,410
Total comprehensive income:							
Net profit for the period	-	-	-	-	33,019	2,042	35,061
Transactions with owners, recorded directly to equity:							
Ordinary shares reissued from treasury	-	340	-	548	-	-	888
Share issue costs	-	-	-	(2)	-	-	(2)
Ordinary shares bought back into treasury	-	-	-	(294)	-	-	(294)
Share purchase costs	-	-	-	(1)	-	-	(1)
Dividends paid <sup>1</sup>	6	-	-	-	-	(3,192)	(3,192)
<b>At 30 April 2021</b>	<b>1,004</b>	<b>44,873</b>	<b>1,460</b>	<b>38,090</b>	<b>71,241</b>	<b>2,202</b>	<b>158,870</b>
<b>For the six months ended 30 April 2020 (unaudited)</b>							
At 31 October 2019	1,004	42,596	1,460	36,373	58,113	3,240	142,786
Total comprehensive income:							
Net (loss)/profit for the period	-	-	-	-	(17,375)	2,502	(14,873)
Transactions with owners, recorded directly to equity:							
Ordinary shares reissued from treasury	-	1,937	-	3,386	-	-	5,323
Share issue costs	-	-	-	(8)	-	-	(8)
Dividends paid <sup>2</sup>	-	-	-	-	(1,209)	(2,016)	(3,225)
<b>At 30 April 2020</b>	<b>1,004</b>	<b>44,533</b>	<b>1,460</b>	<b>39,751</b>	<b>39,529</b>	<b>3,726</b>	<b>130,003</b>
<b>For the year ended 31 October 2020 (audited)</b>							
At 31 October 2019	1,004	42,596	1,460	36,373	58,113	3,240	142,786
Total comprehensive (loss)/income:							
Net (loss)/profit for the year	-	-	-	-	(18,682)	5,367	(13,315)
Transactions with owners, recorded directly to equity:							
Ordinary shares reissued from treasury	-	1,937	-	3,388	-	-	5,325
Share issue costs	-	-	-	(10)	-	-	(10)
Ordinary shares bought back into treasury	-	-	-	(1,901)	-	-	(1,901)
Share purchase costs	-	-	-	(11)	-	-	(11)
Dividends paid <sup>3</sup>	-	-	-	-	(1,209)	(5,255)	(6,464)
<b>At 31 October 2020</b>	<b>1,004</b>	<b>44,533</b>	<b>1,460</b>	<b>37,839</b>	<b>38,222</b>	<b>3,352</b>	<b>126,410</b>

<sup>1</sup> 4th interim dividend of 2.00p per share for the year ended 31 October 2020, declared on 4 November 2020 and paid on 4 January 2021 and 1st interim dividend of 2.00p per share for the year ending 31 October 2021, declared on 23 March 2021 and paid on 29 April 2021.

<sup>2</sup> 4th interim dividend of 2.00p per share for the year ended 31 October 2019, declared on 7 November 2019 and paid on 3 January 2020 and 1st interim dividend of 2.00p per share for the year ended 31 October 2020, declared on 20 March 2020 and paid on 29 April 2020.

<sup>3</sup> 4th interim dividend of 2.00p per share for the year ended 31 October 2019, declared on 7 November 2019 and paid on 3 January 2020; 1st interim dividend of 2.00p per share for the year ended 31 October 2020, declared on 20 March 2020 and paid on 29 April 2020; 2nd interim dividend of 2.00p per share for the year ended 31 October 2020, declared on 5 May 2020 and paid on 3 July 2020; and 3rd interim dividend of 2.00p per share for the year ended 31 October 2020, declared on 6 August 2020 and paid on 1 October 2020.

For information on the Company's distributable reserves, please refer to note 9 on page 29.

# Statement of financial position

as at 30 April 2021

	Notes	30 April 2021 (unaudited) £'000	30 April 2020 (unaudited) £'000	31 October 2020 (audited) £'000
<b>Non current assets</b>				
Investments held at fair value through profit or loss		148,432	120,771	119,434
<b>Current assets</b>				
Other receivables		2,185	820	764
Current tax asset		83	85	86
Cash and cash equivalents		10,681	10,747	8,069
<b>Total current assets</b>		<b>12,949</b>	<b>11,652</b>	<b>8,919</b>
<b>Total assets</b>		<b>161,381</b>	<b>132,423</b>	<b>128,353</b>
<b>Current liabilities</b>				
Other payables		(1,591)	(1,155)	(1,417)
Current tax liability		(35)	(115)	(178)
Derivative financial liabilities held at fair value through profit or loss		(885)	(1,150)	(348)
<b>Total current liabilities</b>		<b>(2,511)</b>	<b>(2,420)</b>	<b>(1,943)</b>
<b>Net assets</b>		<b>158,870</b>	<b>130,003</b>	<b>126,410</b>
<b>Equity attributable to equity holders</b>				
Called up share capital	8	1,004	1,004	1,004
Share premium account		44,873	44,533	44,533
Capital redemption reserve		1,460	1,460	1,460
Special reserve		38,090	39,751	37,839
Capital reserves		71,241	39,529	38,222
Revenue reserve		2,202	3,726	3,352
<b>Total equity</b>		<b>158,870</b>	<b>130,003</b>	<b>126,410</b>
<b>Net asset value per ordinary share (pence)</b>	<b>7</b>	<b>198.02</b>	<b>160.09</b>	<b>158.06</b>

The financial statements on pages 21 to 31 were approved and authorised for issue by the Board of Directors on 29 June 2021 and signed on its behalf by Simon Miller, Chairman.

BlackRock North American Income Trust plc

Registered in England and Wales, No. 8196493

The notes on pages 25 to 31 form part of these financial statements.

# Cash flow statement

for the six months ended 30 April 2021

	Six months ended 30 April 2021 (unaudited) £'000	Six months ended 30 April 2020 (unaudited) £'000	Year ended 31 October 2020 (audited) £'000
<b>Operating activities</b>			
Net profit/(loss) before taxation	35,276	(14,533)	(12,557)
Net (profit)/loss on investments and options held at fair value through profit or loss (including transaction costs)	(33,955)	17,509	18,286
Net loss/(profit) on foreign exchange	596	(462)	(233)
Sales of investments held at fair value through profit or loss	66,354	62,649	115,627
Purchases of investments held at fair value through profit or loss	(60,860)	(69,736)	(122,956)
Increase in other receivables	(365)	(37)	(59)
Increase/(decrease) in other payables	269	(277)	217
Decrease in amounts due from brokers	(1,056)	(574)	(496)
(Decrease)/increase in amounts due to brokers	(95)	244	12
<b>Net cash inflow/(outflow) from operating activities before taxation</b>	<b>6,164</b>	<b>(5,217)</b>	<b>(2,159)</b>
Taxation paid	(355)	(350)	(706)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>5,809</b>	<b>(5,567)</b>	<b>(2,865)</b>
<b>Financing activities</b>			
Net cash proceeds from ordinary shares reissued from treasury	886	5,870	5,870
Net cash outflow from ordinary shares bought back into treasury	(295)	-	(1,912)
Dividends paid	(3,192)	(3,225)	(6,464)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(2,601)</b>	<b>2,645</b>	<b>(2,506)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>3,208</b>	<b>(2,922)</b>	<b>(5,371)</b>
Effect of foreign exchange rate changes	(596)	462	233
<b>Change in cash and cash equivalents</b>	<b>2,612</b>	<b>(2,460)</b>	<b>(5,138)</b>
Cash and cash equivalents at start of period/year	8,069	13,207	13,207
<b>Cash and cash equivalents at end of period/year</b>	<b>10,681</b>	<b>10,747</b>	<b>8,069</b>
<b>Comprised of:</b>			
Cash at bank	10,681	10,747	8,069
	<b>10,681</b>	<b>10,747</b>	<b>8,069</b>

The notes on pages 25 to 31 form part of these financial statements.

# Notes to the financial statements

for the six months ended 30 April 2021

## 1. Principal activity

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

## 2. Basis of presentation

The half yearly financial statements for the period ended 30 April 2021 have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority and with International Accounting Standard 34 (IAS 34), 'Interim Financial Reporting', as adopted by the European Union (EU). The half yearly financial statements should be read in conjunction with the Company's Annual Report and Financial Statements for the year ended 31 October 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006.

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts issued by the Association of Investment Companies (AIC) in October 2019, is compatible with IFRS, the financial statements have been prepared in accordance with guidance set out in the SORP.

### Adoption of new and amended standards and interpretations:

**Amendments to IFRS 3 - Definition of a business** (effective 1 January 2020). This amendment revised the definition of a business. This standard did not have any impact on the Company.

**Amendments to IAS 1 and IAS 8 - Definition of material** (effective 1 January 2020). The amendments to IAS 1, 'Presentation of Financial Statements', and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and consequential amendments to other IFRSs require companies to:

- (i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- (ii) clarify the explanation of the definition of material; and
- (iii) incorporate some of the guidance of IAS 1 about immaterial information.

This standard did not have any impact on the Company.

**Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform** (effective 1 January 2020). These amendments provide certain reliefs in connection with the interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that the Inter Bank Offer Rate (IBOR) reform should not cause hedge accounting to terminate.

This standard did not to have any significant impact on the Company.

### IFRS standards that have yet to be adopted:

**IFRS 17 - Insurance contracts** (effective 1 January 2021). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The standard has not been endorsed by the EU. This standard is unlikely to have any impact on the Company as it has no insurance contracts.

# Notes to the financial statements

continued

## 3. Income

	Six months ended 30 April 2021 (unaudited) £'000	Six months ended 30 April 2020 (unaudited) £'000	Year ended 31 October 2020 (audited) £'000
<b>Investment income:</b>			
UK dividends	168	145	353
Overseas dividends	1,536	1,804	3,606
Overseas special dividends	73	-	-
Overseas scrip dividends	-	-	56
	<b>1,777</b>	<b>1,949</b>	<b>4,015</b>
<b>Other income:</b>			
Deposit interest	-	72	72
Option premium income	939	1,235	2,882
	<b>939</b>	<b>1,307</b>	<b>2,954</b>
<b>Total income</b>	<b>2,716</b>	<b>3,256</b>	<b>6,969</b>

During the period, the Company received option premium income in cash totalling £1,017,000 (six months ended 30 April 2020: £1,350,000; year ended 31 October 2020: £2,919,000) for writing covered call options for the purposes of revenue generation.

Option premium income is amortised evenly over the life of the option contract and accordingly, during the period, option premiums of £939,000 (six months ended 30 April 2020: £1,235,000; year ended 31 October 2020: £2,882,000) were amortised to revenue.

At 30 April 2021, there were 174 open positions with an associated liability of £885,000 (six months ended 30 April 2020: 208 open positions with an associated liability of £1,150,000; year ended 31 October 2020: 171 open positions with an associated liability of £348,000).

All derivative transactions were based on constituent stocks in the Russell 1000 Value Index.

Dividends and interest received in cash during the period amounted to £1,526,000 and £nil (six months ended 30 April 2020: £1,626,000 and £72,000; year ended 31 October 2020: £3,411,000 and £72,000) respectively.

Special dividends of £2,000 have been recognised in capital during the period (six months ended 30 April 2020: £nil; year ended 31 October 2020: £nil).

## 4. Investment management fee

	Six months ended 30 April 2021 (unaudited)			Six months ended 30 April 2020 (unaudited)			Year ended 31 October 2020 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	138	414	552	131	393	524	250	751	1,001
<b>Total</b>	<b>138</b>	<b>414</b>	<b>552</b>	<b>131</b>	<b>393</b>	<b>524</b>	<b>250</b>	<b>751</b>	<b>1,001</b>

The investment management fee is payable quarterly in arrears, calculated at the rate of 0.75% of the Company's net assets. The investment management fee is allocated 75% to capital reserves and 25% to the revenue reserve. There is no additional fee for company secretarial and administration services.



## 5. Other operating expenses

	Six months ended 30 April 2021 (unaudited) £'000	Six months ended 30 April 2020 (unaudited) £'000	Year ended 31 October 2020 (audited) £'000
<b>Allocated to revenue:</b>			
Custody fee	3	3	6
Auditors' remuneration – audit services <sup>1</sup>	19	15	35
Registrar's fee	15	14	28
Directors' emoluments	83	81	164
Broker fees	20	20	40
Depository fees	7	7	13
Printing fees	18	8	19
Legal and professional fees	19	8	23
Marketing fees	18	17	46
AIC fees	4	–	7
FCA fees	4	–	8
Other administration costs	32	35	62
	<b>242</b>	<b>208</b>	<b>451</b>
<b>Allocated to capital:</b>			
Custody transaction charges <sup>2</sup>	5	10	21
	<b>247</b>	<b>218</b>	<b>472</b>

<sup>1</sup> No non-audit services were provided by auditors.

<sup>2</sup> For the six month period ended 30 April 2021, expenses of £5,000 (six months ended 30 April 2020: £10,000; year ended 31 October 2020: £21,000) were charged to the capital column of the Statement of Comprehensive Income. These relate to transaction costs charged by the custodian on sale and purchase trades.

The transaction costs incurred on the acquisition of investments amounted to £40,000 for the six months ended 30 April 2021 (six months ended 30 April 2020: £45,000; year ended 31 October 2020: £88,000). Costs relating to the disposal of investments amounted to £18,000 for the six months ended 30 April 2021 (six months ended 30 April 2020: £17,000; year ended 31 October 2020: £36,000). All transaction costs have been included within capital reserves.

## 6. Dividends

On 5 May 2021, the Directors declared a second quarterly interim dividend of 2.00p per share. The dividend will be paid on 2 July 2021 to shareholders on the Company's register on 21 May 2021. This dividend has not been accrued in the financial statements for the six months ended 30 April 2021 as, under IFRS, interim dividends are not recognised until paid. Dividends are debited directly to reserves.

Dividends paid on equity shares during the period were:

	Six months ended 30 April 2021 (unaudited) £'000
Fourth interim dividend for the year ended 31 October 2020 of 2.00p per ordinary share paid on 4 January 2021	1,596
First interim dividend for the year ending 31 October 2021 of 2.00p per ordinary share paid on 29 April 2021	1,596
	<b>3,192</b>
Second interim dividend payable for the year ending 31 October 2021 of 2.00p per ordinary share payable on 2 July 2021 <sup>1</sup>	1,605
	<b>4,797</b>

<sup>1</sup> Based on 80,229,044 ordinary shares in issue on 20 May 2021 (the ex-dividend date).

# Notes to the financial statements

continued

## 7. Earnings and net asset value per ordinary share

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

	Six months ended 30 April 2021 (unaudited)	Six months ended 30 April 2020 (unaudited)	Year ended 31 October 2020 (audited)
Net revenue profit attributable to ordinary shareholders (£'000)	2,042	2,502	5,367
Net capital profit/(loss) attributable to ordinary shareholders (£'000)	33,019	(17,375)	(18,682)
<b>Total profit/(loss) attributable to ordinary shareholders (£'000)</b>	<b>35,061</b>	<b>(14,873)</b>	<b>(13,315)</b>
<b>Equity shareholders' funds (£'000)</b>	<b>158,870</b>	<b>130,003</b>	<b>126,410</b>
The weighted average number of ordinary shares in issue during the period on which the earnings per ordinary share was calculated was:	79,829,958	80,690,446	80,754,136
The actual number of ordinary shares in issue at the period end on which the net asset value per ordinary share was calculated was:	80,229,044	81,204,044	79,974,044
<b>Return per share</b>			
Revenue earnings per share (pence)	2.56	3.10	6.65
Capital earnings/(loss) per share (pence)	41.36	(21.53)	(23.14)
<b>Total earnings/(loss) per share (pence)</b>	<b>43.92</b>	<b>(18.43)</b>	<b>(16.49)</b>
	<b>As at 30 April 2021 (unaudited)</b>	<b>As at 30 April 2020 (unaudited)</b>	<b>As at 31 October 2020 (audited)</b>
Net asset value per ordinary share (pence)	198.02	160.09	158.06
Ordinary share price (pence)	198.00	160.50	145.50

There were no dilutive securities at the period end (30 April 2020: nil; 31 October 2020: nil).

## 8. Called up share capital

(unaudited)	Ordinary shares in issue number	Treasury shares number	Total shares number	Nominal value £'000
<b>Allotted, called up and fully paid share capital comprised:</b>				
<b>Ordinary shares of 1 pence each</b>				
At 31 October 2020	79,974,044	20,387,261	100,361,305	1,004
Ordinary shares reissued from treasury in the period	445,000	(445,000)	-	-
Ordinary shares bought back into treasury	(190,000)	190,000	-	-
<b>At 30 April 2021</b>	<b>80,229,044</b>	<b>20,132,261</b>	<b>100,361,305</b>	<b>1,004</b>

During the period to 30 April 2021, 445,000 ordinary shares were reissued from treasury for a total consideration including costs of £886,000 (period ended 30 April 2020: 2,805,000 ordinary shares for a total consideration including costs of £5,315,000; year ended 31 October 2020: 2,805,000 ordinary shares for a total consideration including costs of £5,315,000).

The Company also bought back and transferred 190,000 shares into treasury for a total consideration including costs of £295,000 (six months ended 30 April 2020: nil; year ended 31 October 2020: 1,230,000 shares for a total consideration including costs of £1,912,000).

Since 30 April 2021 and up to the date of this report, no ordinary shares have been reissued or bought back.

## 9. Reserves

The share premium and capital redemption reserve are not distributable profits under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the special reserve and capital reserves may be used as distributable profits for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments as dividends. In accordance with the Company's Articles of Association, net capital returns may be distributed by way of dividend. The £71,241,000 of capital reserves is made up of a gain on capital reserves arising on investments sold of £52,570,000 and a gain on capital reserves arising on revaluation of investments held of £18,671,000. The capital reserves arising on the revaluation of investments of £18,671,000 is subject to fair value movements and may not be readily realisable at short notice; as such it may not be entirely distributable.

## 10. Valuation of financial instruments

### Market risk arising from price risk

An outbreak of an infectious respiratory illness caused by a novel coronavirus known as COVID-19 has developed into a global pandemic and has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in health care service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions and lower consumer demand, as well as general concern and uncertainty. The impact of COVID-19 has adversely affected the economies of many nations across the entire global economy, individual issuers and capital markets, and could continue to an extent that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established health care systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

### Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investments and derivatives) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note 2(g) as set out on page 85 of the Company's Annual Report and Financial Statements for the year ended 31 October 2020.

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

The fair value hierarchy has the following levels:

#### Level 1 - Quoted market price for identical instruments in active markets

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

#### Level 2 - Valuation techniques using observable inputs

This category includes instruments valued using quoted prices for similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

#### Level 3 - Valuation techniques using significant unobservable inputs

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement.

# Notes to the financial statements

continued

## 10. Valuation of financial instruments continued

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

Over-the-counter derivative option contracts have been classified as Level 2 investments as their valuation has been based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Company.

### Fair values of financial assets and financial liabilities

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

Financial assets/(liabilities) at fair value through profit or loss at 30 April 2021 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets:</b>				
Equity investments	148,432	–	–	148,432
<b>Liabilities:</b>				
Derivative financial instruments – written options	–	(885)	–	(885)
	<b>148,432</b>	<b>(885)</b>	<b>–</b>	<b>147,547</b>

Financial assets/(liabilities) at fair value through profit or loss at 30 April 2020 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets:</b>				
Equity investments	120,771	–	–	120,771
<b>Liabilities:</b>				
Derivative financial instruments – written options	–	(1,150)	–	(1,150)
	<b>120,771</b>	<b>(1,150)</b>	<b>–</b>	<b>119,621</b>

Financial assets/(liabilities) at fair value through profit or loss at 31 October 2020 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Assets:</b>				
Equity investments	119,434	–	–	119,434
<b>Liabilities:</b>				
Derivative financial instruments – written options	–	(348)	–	(348)
	<b>119,434</b>	<b>(348)</b>	<b>–</b>	<b>119,086</b>

There were no transfers between levels for financial assets and financial liabilities during the period/year recorded at fair value as at 30 April 2021, 30 April 2020 and 31 October 2020. The Company did not hold any Level 3 securities throughout the financial period under review or as at 30 April 2021, 30 April 2020 and 31 October 2020.

## 11. Related party disclosure

### Directors' emoluments

The Board consists of five non-executive Directors, all of whom are considered to be independent of the Manager by the Board. None of the Directors has a service contract with the Company. The Chairman receives an annual fee of £42,000, the Chairman of the Audit and Management Engagement Committee receives an annual fee of £35,000 and each of the other Directors receives an annual fee of £29,000. At 30 April 2021, an amount of £14,000 (six months ended 30 April 2020: £14,000; year ended 31 October 2020: £14,000) was outstanding in respect of Directors' fees.

At 30 April 2021, interests of the Directors in the ordinary shares of the Company are as set out below:

	Six months ended 30 April 2021 (unaudited)	Six months ended 30 April 2020 (unaudited)	Year ended 31 October 2020 (audited)
Simon Miller (Chairman)	38,094	38,094	38,094
Christopher Casey	19,047	19,047	19,047
Andrew Irvine	38,094	38,094	38,094
Alice Ryder	9,047	9,047	9,047
Melanie Roberts	–	–	–

Since the period end and up to the date of this report there have been no changes in Directors' holdings.

## 12. Transactions with the Investment Manager and AIFM

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed on pages 45 and 46 of the Directors' Report in the Company's Annual Report and Financial Statements for the year ended 31 October 2020.

The investment management fee due for the six months ended 30 April 2021 amounted to £552,000 (six months ended 30 April 2020: £524,000; year ended 31 October 2020: £1,001,000). At the period end £528,000 was outstanding in respect of the investment management fee (six months ended 30 April 2020: £247,000; year ended 31 October 2020: £725,000).

In addition to the above services, BlackRock has provided the Company with marketing services. The total fees paid or payable for these services to 30 April 2021 amounted to £18,000 excluding VAT (six months ended 30 April 2020: £17,000; year ended 31 October 2020: £46,000). Marketing fees of £50,000 excluding VAT (six months ended 30 April 2020: £40,000; year ended 31 October 2020: £31,000) were outstanding as at 30 April 2021.

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

## 13. Contingent liabilities

There were no contingent liabilities at 30 April 2021 (30 April 2020: nil; 31 October 2020: nil).

## 14. Publication of non statutory accounts

The financial information contained in this half yearly financial report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the six months ended 30 April 2021 and 30 April 2020 has not been audited.

The information for the year ended 31 October 2020 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on these financial statements contained no qualifications or statement under Sections 498(2) or 498(3) of the Companies Act 2006.

## 15. Annual results

The Board expects to announce the annual results for the year ending 31 October 2021 in early February 2022.

Copies of the annual results announcement can be obtained from the Secretary on 0207 743 3000 or cosec@blackrock.com. The Annual Report and Financial Statements should be available by the beginning of February 2022 with the Annual General Meeting being held in March 2022.



# Management and other service providers

## Registered Office

(Registered in England, No. 8196493)  
12 Throgmorton Avenue  
London EC2N 2DL

## Alternative Investment Fund Manager

BlackRock Fund Managers Limited\*  
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  
Email: cosec@blackrock.com

## Registrar

Computershare Investor Services PLC\*  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ  
Telephone: 0370 873 5879

## Independent Auditors

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

## Depositary, Custodian, Banker and Fund Accountant

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

## Stockbroker

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

## Solicitors

Gowling WLG (UK) LLP  
4 More London Riverside  
London SE1 2AU

\* Authorised and regulated by the Financial Conduct Authority.

# Directors



**Simon Miller**  
**Chairman**  
Appointed 7 September 2012



**Alice Ryder**  
**Senior Independent Director**  
Appointed 12 June 2013



**Christopher Casey**  
**Audit and Management Engagement Committee**  
**Chairman**  
Appointed 7 September 2012



**Melanie Roberts**  
Appointed 1 October 2019



**Andrew Irvine**  
**Nomination Committee Chairman**  
Appointed 7 September 2012

# Shareholder information

## Financial calendar

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

### February

Annual results announced and Annual Report and Financial Statements published.

### March

Annual General Meeting.

### June

Half yearly figures announced.

### July

Half Yearly Financial Report published.

## Quarterly dividends

Dividends are paid quarterly as follows:

Period ending	Ex-date	Payment date
31 January	February	April
30 April	May	July
31 July	August	October
31 October	November	January

## Payment of dividends

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website [investorcentre.co.uk](http://investorcentre.co.uk), or by telephone on 0370 873 5879, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending this to the Company's registrar, Computershare. Confirmation of dividends paid will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

## Dividend reinvestment scheme (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC, through their secure website [investorcentre.co.uk](http://investorcentre.co.uk), or by telephone on 0370 873 5879. Shareholders who have already opted to have their dividends reinvested do not need to reapply.

## Share prices

The Company's mid-market share prices are quoted daily in The Financial Times and The Times under 'Investment Companies' and in The Daily Telegraph under 'Investment Trusts'. The share price is also available on the BlackRock website at [blackrock.com/uk/brna](http://blackrock.com/uk/brna).

## ISIN/SEDOL numbers

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

	Ordinary shares
ISIN	GB00B7W0XJ61
SEDOL	B7W0XJ6
Reuters code	BRNA.L
Bloomberg code	BRNA LN

## Dividend tax allowance

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

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

If you have any tax queries, please contact a Financial Advisor.

## Share dealing

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

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

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

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

## **CREST**

The Company's shares may be held in CREST, an electronic system for uncertificated securities trading. Private investors can continue to retain their share certificates and remain outside the CREST system. Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges.

## **Risk factors**

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

## **Nominee code**

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

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

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

## **Publication of net asset value/portfolio analysis**

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

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

## **Stocks and shares individual savings accounts (ISA)**

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion within stocks and shares New Individual Savings Accounts. In the 2021/2022 tax year investors have an annual ISA allowance of £20,000 (2020/2021: £20,000) which can be invested in either cash or shares.

## **Online access**

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

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

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

# Shareholder information

continued

## Shareholder enquiries

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes your shareholder reference number, available from your share certificate, dividend confirmation statement or other electronic communications you have previously received from Computershare. The address of the Computershare website is [investorcentre.co.uk](http://investorcentre.co.uk). Alternatively, please contact the registrar on 0370 873 5879.

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

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

## General enquiries

Enquiries about the Company should be directed to:

The Secretary  
BlackRock North American Income Trust plc  
12 Throgmorton Avenue  
London EC2N 2DL  
Telephone: 020 7743 3000  
Email: [cosec@blackrock.com](mailto:cosec@blackrock.com)



# Glossary

## Alternative performance measure (APM)

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

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

## Benchmark

The Company's benchmark index, used for performance comparative purposes, is the Russell 1000 Value Index, calculated in sterling terms with dividends reinvested.

## Closed-end company

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

## Discount and premium\*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. As at 30 April 2021 the share price was 198.00p (30 April 2020: 160.50p; 31 October 2020: 145.50p) and the NAV 198.02p (30 April 2020: 160.09p; 31 October 2020: 158.06p); the discount was 0.0% (30 April 2020: premium of 0.3%; 31 October 2020: discount of 7.9%) (please see note 7 of the financial statements).

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 180p and the NAV 178p, the premium would be 1.1%.

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

## Gearing and borrowings

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

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

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

## Leverage

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

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

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

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

## NAV and share price return (return with dividends reinvested)\*

Performance statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The performance measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/share price (please see note 7 of the financial statements for the inputs to the calculations).

\* Alternative performance measures.

# Glossary

continued

		Six months to 30 April 2021 £'000 (unaudited)	Six months to 30 April 2020 £'000 (unaudited)	Year ended 31 October 2020 £'000 (audited)
<b>NAV total return</b>	<b>Page</b>			
Closing NAV per share (pence)	28	198.02	160.09	158.06
Add back quarterly dividends (pence)	22	4.00	4.00	8.00
Effect of dividend reinvestment (pence)		0.33	(0.05)	(0.09)
Adjusted closing NAV (pence)		202.35	164.04	165.97 (a)
Opening NAV per share (pence)	28	158.06	182.13	182.13 (b)
<b>NAV total return (c = ((a - b)/b)) (%)</b>		<b>28.0</b>	<b>(9.9)</b>	<b>(8.9) (c)</b>

		Six months to 30 April 2021 £'000 (unaudited)	Six months to 30 April 2020 £'000 (unaudited)	Year ended 31 October 2020 £'000 (audited)
<b>Share price total return</b>	<b>Page</b>			
Closing share price (pence)	28	198.00	160.50	145.50
Add back quarterly dividends (pence)	22	4.00	4.00	8.00
Effect of dividend reinvestment (pence)		0.56	0.09	(0.46)
Adjusted closing share price (pence)		202.56	164.59	153.04 (a)
Opening share price (pence)	28	145.50	186.50	186.50 (b)
<b>Share price total return (c = ((a - b)/b)) (%)</b>		<b>39.2</b>	<b>(11.7)</b>	<b>(17.9) (c)</b>

## Net asset value per share (cum income NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing 'equity shareholders' funds' by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 30 April 2021, equity shareholders' funds were worth £158,870,000 and there were 80,229,044 ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 198.02p per ordinary share (please see note 7 of the financial statements for the inputs to the calculations).

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

## 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 30 April 2021, equity shareholders' funds (excluding current year net revenue) amounted to £158,277,000 and there were 80,229,044 ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 197.28p.

Equity shareholders' funds are calculated by deducting from the Company's net assets (£158,870,000) its current period revenue (£2,042,000) and adding back the interim dividends paid from current year revenue (£1,449,000).

\* Alternative performance measures.

## Ongoing charges ratio\*

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

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

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

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

Ongoing charges calculation	Page	31 October 2020 £'000 (audited)	31 October 2019 £'000 (audited)	
Management fee	26	1,001	1,002	
Other operating expenses	27	451	403	
Total management fee and other operating expenses		1,452	1,405	(a)
Average net assets in the year		137,506	128,817	(b)
<b>Ongoing charges (c = a/b)</b>		<b>1.06%</b>	<b>1.09%</b>	<b>(c)</b>

## Options and options overwriting strategy

An option is a contract that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date) for a fee (the premium). The sale of call or put options on stocks that are believed to be overpriced or underpriced, based on the assumption that the options will not be exercised, is referred to as an 'options overwriting' strategy.

The seller of the option collects a premium but, if the option subsequently expires without being exercised, there will be no downside for the seller. However, if the stock rises above the exercise price the holder of the option is likely to exercise the option and this strategy can reduce returns in a rising market.

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

## Quoted securities and unquoted securities

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

## Revenue profit and revenue reserve

Revenue profit is the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Company. The revenue reserve is the undistributed income that the Company keeps as reserves. Investment trusts do not have to distribute all the income they generate after expenses. They may retain up to 15% of revenue generated which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

## Treasury shares

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

\* Alternative performance measures.

# Glossary

continued

## Yield\*

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

	Page	30 April 2021	30 April 2020	31 October 2020	
Interim and final dividends paid/payable (pence) <sup>1</sup>	22	8.00	8.00	8.00	(a)
Ordinary share price (pence)	28	198.00	160.50	145.50	(b)
<b>Yield (c = a/b) (%)</b>		<b>4.0</b>	<b>5.0</b>	<b>5.5</b>	<b>(c)</b>

<sup>1</sup> Comprising dividends declared/paid for the twelve months to 30 April and 31 October.

# Share fraud warning

Be ScamSmart



## Investment scams are designed to look like genuine investments



### Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

### Avoid investment fraud

**1 Reject cold calls**

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

**2 Check the FCA Warning List**

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

**3 Get impartial advice**

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

### Report a scam

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

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at [www.actionfraud.police.uk](http://www.actionfraud.police.uk)

Find out more at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

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



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