BlackRock

BlackRock Greater Europe Investment Trust plc

Half Yearly Financial Report 28 February 2023

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

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

Financial highlights

523.00p[1]

Ordinary share price

+15.9%[2,3]

549.50p

NAV per ordinary share

+16.6%[2,3]

£555.0m

Net assets

1.75p

Interim dividend

0.0%

1.3%[3,4]

Yield

The above financial highlights are at 28 February 2023 and percentage comparisons are against 31 August 2022.

1 Mid-market.

2 Performance figures are calculated in Sterling terms with dividends reinvested.

3 Alternative Performance Measures; see Glossary on pages 32 to 35.

4 Based on dividends paid and declared for the twelve months to 28 February 2023 and share price as at 28 February 2023.

Why BlackRock Greater Europe Investment Trust plc?

Investment objective

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

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

Reasons to invest

Conviction

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

Long-term focus

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

Risk aware

The portfolio is concentrated but highly risk aware. The Portfolio Manager aims to ensure risk and returns are diversified by end market exposures. He works closely with partners in the BlackRock Risk and Quantitative Analysis team to ensure that portfolio risk is deliberate, diversified and scaled.

Personnel

The Company benefits from the 20-strong European Equity team within BlackRock's Fundamental Equity division.

High quality

The Company is designed for investors looking to invest in a selection of Europe's highest quality, fastest-growing companies, irrespective of their size and geography.

aic
The Association of Investment Companies

A member of the Association of Investment Companies

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

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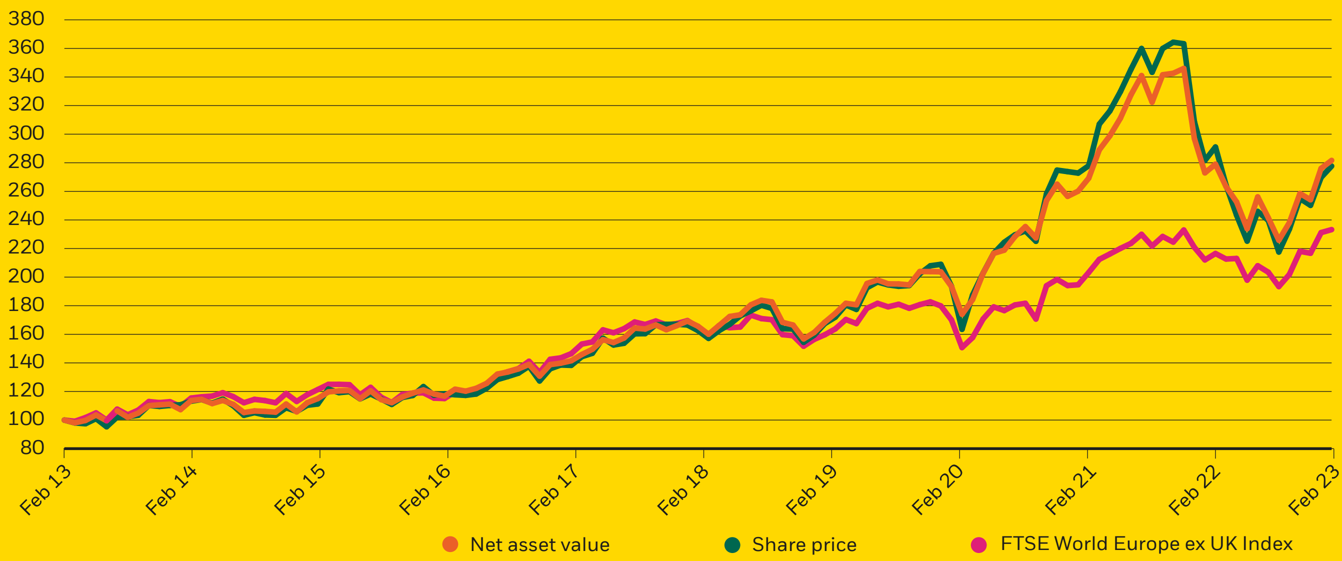
Performance record

	As at 28 February 2023	As at 31 August 2022	Change %
Net assets (£'000)[1]	554,995	483,799	14.7
Net asset value per ordinary share (pence)	549.50	475.72	15.5
Ordinary share price (mid-market) (pence)	523.00	456.00	14.7
Discount to cum income net asset value[2]	4.8%	4.1%	
FTSE World Europe ex UK Index	1896.86	1654.61	14.6

	For the six months ended 28 February 2023	For the six months ended 28 February 2022
Performance (with dividends reinvested)		
Net asset value per share[2]	16.6%	-29.2%
Ordinary share price[2]	15.9%	-33.4%
FTSE World Europe ex UK Index	14.6%	-11.5%

	For the six months ended 28 February 2023	For the six months ended 28 February 2022	Change %
Revenue			
Net profit on ordinary activities after taxation (£'000)	22	1,367	-98.4
Revenue profit per ordinary share (pence)[3]	0.02	1.37	-98.5
Dividends (pence)			
Interim dividend	1.75	1.75	–

Performance over the ten years to 28 February 2023



Sources: BlackRock and Datastream.
Performance with dividends reinvested in Sterling terms, rebased to 100 at 28 February 2013.

[1] The change in net assets reflects payments for shares repurchased into treasury, portfolio movements and dividends paid.
[2] Alternative Performance Measure, see Glossary on pages 33 and 34.
[3] Further details are given in the Glossary on page 35.

Chairman's Statement

Eric Sanderson
Chairman

Overview

The outlook for Europe has improved considerably with some of the macroeconomic and political shocks caused by Russia's invasion of Ukraine, which were weighing on global markets, now reversing. The improvements result from a variety of reasons including the success in filling gas storage and diversifying Europe's sources of energy, as well as the mild weather over the winter which helped to reduce energy demand and kept gas prices lower. As energy prices fell back and the overall inflation rate declined, the annual inflation rate in the Eurozone also finally dropped from double figures, having surged to a 41-year high in October. Europe should also benefit from the lifting of COVID-19 restrictions in China. This has already led to a rebound in the country's equities and should help broader equity markets, including Europe, one of China's largest trading partners. However, the consequences of China's closer association with Russia have yet to be evidenced.

Performance

I am pleased to report that against this backdrop, over the six months ended 28 February 2023, the Company's net asset value per share (NAV) returned 16.6%, outperforming the FTSE World Europe ex UK Index (the reference index) which returned 14.6%. Over the same period, the Company's share price returned 15.9% (all percentages calculated in Sterling terms with dividends reinvested).

Since the period end to 9 May 2023, the Company's NAV has increased by 1.9% compared with a rise in the FTSE World Europe ex UK Index of 2.3% over the same period.

Revenue earnings and dividends

The Company's revenue return per share for the six-month period ended 28 February 2023 amounted to 0.02p compared with 1.37p for the corresponding period in 2022, a decrease of 98.5%. The majority of the Company's income typically is generated in the second half of the year when the portfolio companies announce and pay dividends. The Board has taken this into account in considering what the interim dividend should be.

The Board has declared an interim dividend of 1.75p (2022: 1.75p) per share. The dividend will be paid on 19 June 2023 to shareholders on the Company's register on 19 May 2023, the ex-dividend date being 18 May 2023.

Tender offers

The Directors of the Company have the discretion to make semi-annual tender offers at the prevailing NAV less 2%, for up to 20% of the issued share capital in May and November of each year. The Board announced on 20 September 2022 that it had decided not to proceed with a tender offer in November 2022 and on 22 March 2023 that the tender offer in May 2023 would also not be implemented.

Over the six-month period ended 28 February 2023, the Company's shares traded at an average discount to NAV of 5.5% compared to a discount of 2.0% to NAV, the price at which any tender offer would be made and has sustained a similar level of discount since that date. However, against a background of volatile market conditions and the Company trading at the narrowest discount within its peer group, the Board concluded that it was not in the interests of shareholders to implement the latest semi-annual tender offer. The Board will continue to monitor the Company's discount and may use the Company's share buyback powers to ensure that the share price does not go to an excessive discount to the underlying NAV. The Board remains committed to supporting the share price to a narrow discount or premium to its NAV.

Portfolio Manager

As announced on 21 December 2022, Stefan Gries became the sole Portfolio Manager of the Company, as Sam Vecht stepped aside from his role as co-Portfolio Manager of the Company. This reflects the current focus and asset allocation within the Company's portfolio. The Board would like to thank Sam for his contribution to the Company and wish him well in continuing to manage his other portfolios at BlackRock.

Stefan is a Managing Director and Head of the European Equity team within the Fundamental Equity division of BlackRock's Portfolio Management Group. He has been co-Portfolio Manager of the Company since June 2017 and is supported by the extensive resources and significant expertise of BlackRock's market-leading European Equity team.

Audit and Management Engagement Committee Chairman

In February 2022, Ian Sayers was appointed as a Director of the Company and, towards the end of last year, Peter Baxter informed the Board of his wish to step away from his responsibilities as Chairman of the Audit and Management Engagement Committee. Ian, a qualified chartered accountant and chartered tax adviser, agreed to step into the role, which took effect from 1 January 2023.

Management fee

I am pleased to report that, following a review of management fees and engagement with BlackRock, the Board reached an agreement to amend the Company's management fee arrangements. With effect from 1 January 2023, the Company's annual management fee, which is payable quarterly in arrears, reduced from 0.85% per annum of net asset value to 0.85% per annum of net asset value on net assets up to £350 million and 0.75% per annum of net asset value on net assets thereafter.

Outlook

After a year of concerns over a recession hitting Europe and a significant interest rate hiking cycle, we continue to see many companies delivering good results and the consumer being more resilient than expected. However, market volatility is expected to remain in the near term as macro uncertainty continues to be elevated. Going forward it will be important to see whether inflation comes down to levels the market can deal with, and we continue to see evidence that inflation has peaked and is falling. A sharp drop in gas prices, China's reopening and slowing inflation has also meant that European equities not only rose in absolute terms but also significantly outperformed US equities over the six-month period under review.

Our Investment Manager's fundamental philosophy remains unchanged, with a continued focus on Europe's highest quality, well-capitalised, fastest-growing companies with strong management teams that can create real value for shareholders over time. This approach has served the Company well over many years and the Investment Manager sees opportunities for attractive returns.

Eric Sanderson
10 May 2023

Investment Manager's Report

Stefan Gries

Overview

The Company's share price and underlying NAV rose by 15.9% and 16.6%, respectively, over the last six months to 28 February 2023. By way of comparison, the FTSE World Europe ex UK Index returned 14.6% during the same period (all percentages calculated in Sterling terms with dividends reinvested).

Over these last six months, we have witnessed the start of a strong recovery of European equity markets. Throughout the majority of calendar year 2022, Europe was deemed 'un-investable' given the war in Ukraine, the resulting energy crisis, high inflation and rising interest rates. There was a strong consensus that Europe would enter a recession. However, market performance started to improve from October onwards and, since then, the asset class has had one of its best starts to a new year, with the Stoxx Europe 600 Index materially outperforming the S&P 500 Index in the US.

We believe there are a number of reasons for this dramatic change. Firstly, gas and electricity prices have significantly come down, proving that Europe has been getting through the winter without a supply crunch. Europe managed to decrease its gas consumption by 13% in 2022, largely driven by corporates who a) have been able to use energy more efficiently and b) switched to other energy sources such as oil, coal, diesel and renewables. Meeting with over 2,000 companies every year, we have been able to witness this almost in real time. It immediately became clear that management teams' focus turned to controlling energy costs and embracing new energy sources. Simultaneously, gas storage was filled quickly and the majority of Russian gas has been replaced by new LNG (liquefied natural gas) terminals and alternative energies. Furthermore, unforeseen support came from the weather: Reuters/Refinitv data showed that from September to January, average temperatures in Germany, a key dependent on Russian gas given its large industrial complex, were 25% or 1.58 degrees Celsius above normal and even 29% (2.3 degrees Celsius) above normal during October and November 2022.

Secondly, inflation numbers started to fall sooner than expected, largely driven by decreasing energy prices. As we discussed in our Annual Report for the year ended 31 August 2022, the rapid rise of inflation led, in combination with rising interest rates, to the largest derating of stocks since the 1970s. We can now say with relative confidence that we have passed the peak of inflation. This seems particularly true for consumer goods, which after 12 to 18 months of exceptional demand driven by COVID-19 and government support, are finally seeing demand normalising and adjusting. This was also confirmed in discussions we have had with management teams, whose rhetoric around the ease of price increases changed towards the end of the year, with customers becoming more reluctant to accept further increases. Other data points, such as rent and wages, have also started moving in the right direction.

Importantly, these developments soften the pressure on central banks to further tighten monetary conditions. Whilst we have to expect a few more rate hikes in Europe, we would highlight that we do not believe equity markets necessarily require rate cuts to continue moving higher. We believe the derating of equities is largely behind us and monetary policy should no longer impact markets as negatively as it did last year.

Thirdly, the U-turn in China's zero COVID-19 policy and the subsequent reopening of the Chinese economy is a major positive for Europe given that the region generates circa 8% to 9% of revenue directly from China. We believe the Chinese recovery will be driven by the consumer. By some estimates during the long lockdowns, the Chinese consumer savings rate rose by 15% of GDP, compared to pre-pandemic levels of 9%. Similar to what we saw post COVID-19 in Europe and the US, we anticipate a degree of 'revenge spending'. Together with our team's data scientists, we follow how this spending is evolving, brand-by-brand and region-by-region. Key areas to benefit are likely to be luxury goods, as well as less high-end consumer companies, beauty and travel, as well as semiconductors and industrials. Indeed, from a European industrial perspective, China has been in a recession for the last two years. Another positive point is that the reduction of COVID-19 restrictions in China improves bottlenecks in the global supply chains, which have caused operational problems for many European companies in the last 12 to 18 months.

Equally of interest is the fact that there has been little investor participation in the recent rally in European stocks. Whilst outflows from the asset class have slowed and there has been a degree of short closing, we have not seen major asset allocation changes towards Europe yet, which remains an under-owned asset class overall.

At the time of writing, we are at the end of the Q4 earnings season and can report that the majority of our companies continue to do well. After four quarters of concerns over a recession hitting Europe and being one year into a significant rate hiking cycle, we continue to see many companies delivering decent results and the consumer being more resilient than expected.

Portfolio

Over the period market leadership came from financials and cyclical assets such as consumer discretionary, industrials and technology. Real estate and defensives, including consumer staples and telecommunications, lagged the market.

The strongest contribution over the last six months came from the technology sector. The Company's semiconductor-names started a rapid recovery after suffering under the interest rate rise related technology sell-off during the first half of 2022. During that time, we had held on to shares arguing that higher interest rates will not have a material impact on the companies' long-term prospects. In previous reports we have argued that the semiconductor segment has become more structural and less cyclical. The companies we own service different parts of the semiconductor value chain, serving a broad range of end markets that should lend themselves to high, sustainable and value accretive growth. Continuing to hold large weights in shares paid off over the last six months. Shares in **BE Semiconductor** for example started a strong recovery and shares rose a solid 56% over the period. BE Semiconductor remains well positioned to benefit from the industry adopting new innovative processes, particularly around Hybrid Bonding where key clients in Taiwan and the US are expected to ramp-up capacity. Similarly, a key holding in **ASML** contributed, due to stellar Q4 results and confident targets for 2030, with guidance of net sales to grow over 25% compared to 2022. Despite potential for ongoing macroeconomic uncertainties in the near term, ASML is somewhat insulated given 18 to 24 months of tool lead times and two years of order backlog.

Another long term, high conviction holding and strong contributor over the period was diabetes specialist **Novo Nordisk**. Novo Nordisk is not only a dominant player in the diabetes market with a wide range of products to address the disease at various stages, but also has a major opportunity to win in the obesity market with their new drug 'Wegovy'. During the period, the US Food and Drug Administration federal agency cleared the way for a key Wegovy manufacturer to increase supply, followed by confirmation that they were able to restock US pharmacies with all dose levels. We expect that the company will be able to continue to grow 10% to 15% out to 2025, with EBIT (earnings before interest and taxes) margins in the low 40% range.

Elsewhere it is worth highlighting our investments in European luxury goods producers **Hermès** and **LVMH**, which both remain great examples of well-run companies with impressive brand management and pricing power. LVMH for example, despite being a cyclical consumer business, has not seen a down year for organic growth in its Fashion & Leather Goods business over the last two decades aside from the extraordinary circumstances of 2020. The luxury house recorded strong revenue figures for the first half of the year, up 28% compared to the same period in 2021. Chinese lockdown related impacts were offset by strong tourism in Europe and robust sales in the US. More recently both names have also benefited from China's reopening and our alternative data sources indicate a powerful uptick in sales to come.

A negative contribution over the period came from a) an underweight to financials and b) two stock specific issues. Firstly, the European banks sector has delivered strong performance over the period on the back of solid results, as well as better short-to-medium term outlooks for earnings upgrades and capital returns. Whilst our position in **KBC Groep** aided returns, not owning several rate sensitive banks including Banco Santander, Unicredit, BBVA and BNP Paribas was negative for performance. Followers of the Company will know that we aim to identify and hold wealth creators: businesses that dominate their respective markets and thereby generate high cash returns on capital which can be reinvested at attractive incremental rates of return. Most European banks are not what we consider wealth creators. We agree banks' shares have potential to recover from low valuations over a short-term period, but we do not see them as long-term investments appropriate for this portfolio.

Secondly, we saw stock specific hiccups with our holdings in **ChemoMetec** and **Royal Unibrew**, which were the two single largest detractors from relative returns over the last six months. Shares in ChemoMetec came under pressure due to a change in management, as well as slowing growth. The announcement that the current, well-regarded CEO, Steen Søndergaard, will be resigning this year, ruffled feathers in markets. However, having met with the CEO and CFO post the announcement, we were reassured by the clear message that the CEO is leaving for personal reasons and will stay on until a successor is found to make sure the handover is smooth. Additionally, the manufacturer of cell therapy instruments saw a decline in order intake, particularly in the North American market which was impacted by subdued investment sentiment and subsequently weaker demand from capital-sensitive development companies. Yet, EBITDA (earnings before interest, taxes, depreciation and amortization) has held up well and the company delivered an impressive 63% and 57% margin in the last two quarters. Whilst we do not believe the long-term opportunity has materially changed and we continue to believe they are well positioned in a very attractive market, the magnitude of slowdown was unexpected and we stay in regular conversations with management.

Danish brewer **Royal Unibrew** suffered margin pressure from raw material costs. Royal Unibrew is a clear example of a high-quality company with long-term attractive profitability, which has been sustained through competitive pricing power dynamics. In the shorter term however, without a strategy for hedging energy and longer-term ties on contract pricing to customers, we saw margin deterioration, particularly versus peers. In recognition of this, we reduced our allocation to this stock in the portfolio. Going forward, as power prices have fallen sharply from the peak, the company may stand to benefit – both as their own contracts to customers roll over onto better pricing and as their cost of goods sold falls.

In line with the portfolio's mandate, turnover remains low at below 8% over the period under review. We continue to work intensely on our well-established fundamental research process, analysing estimates of earnings and cashflows, conducting over 2,000 company meetings per year and having rigorous internal discussions about where we could be wrong. Recently we have added resources to our own data scientist team, who have done invaluable work, studying alternative data sources around credit card spending, churn data of food delivery, house deposits, wages and rent to really help us understand businesses, industries, consumer behaviours and think about inflation in every way possible.

Portfolio activity over the period includes the purchase of a small number of well-positioned companies that we believe are excellent investments for years to come. For example, we added **Sartorius** to the portfolio, a leading player within the biopharmaceutical industry. Sartorius runs a portfolio of solutions that focus on all major steps in the manufacturing of biologic drugs, vaccines and genetic therapies. Its business addresses different stages of the manufacturing process and includes complex technologies such as cell line, cell culture media, bioreactors, products for separation, purification and concentration of product, and solutions for storage and transportation. In our view, this market is well placed for structural growth.

We also bought a new position in **STMicroelectronics** (STM). The French-listed company creates semiconductor technologies such as microcontrollers and sensors. STM has been outgrowing its end markets helped by a number of new innovative product launches around auto, smartphones and industrial. This has allowed STM to grow sales at 13% CAGR (compound annual growth rate) since 2016. We believe the company has the potential to continue on this path due to their continued innovation in power chips for electric vehicles, sensors for consumer electronics and connectivity for industrial applications. All these areas should see secular growth ahead as devices need to become smarter and more energy efficient.

Outlook

Moving to our macro view, which is largely informed by our micro observations and insights we have on individual companies. We have discussed that we believe the environment for European equities has materially improved due to the better energy situation, falling inflation and China re-opening. However, as is usual in Europe, selectivity is key. We have seen a few sectors that have over-earned since the pandemic. Think autos for example, where we believe margins will come under pressure in the future due to rising rates, falling used car prices and intensifying competition. We also make sure to avoid highly leveraged or unprofitable companies with poor cash flow and near-term debt refinancing demands. Some companies have in the past supported their earnings growth by refinancing at lower levels. These times are clearly over.

Going forward, markets are likely to continue to closely follow inflation numbers. With energy prices coming down, there is reason to be hopeful they move to levels equity markets can deal with. Clarity on the terminal rate of this hiking cycle would likely be enough to bring attention back to company fundamentals – the ultimate driver of long-term equity returns.

Support comes from corporate balance sheets that are in decent shape and in much better positions than in previous downturns. Many companies in Europe have spent the last decade deleveraging balance sheets and interest coverage is significantly higher than during the Global Financial Crisis or other prior periods associated with deep recessions or prolonged bear markets. Corporate spending intentions also remain healthy and this spend is often linked to transformational capital expenditure.

Lastly, long-term structural trends and large amounts of fiscal spending via the Recovery Fund, Green Deal, the REPowerEU plan or the latest Green Deal Industrial Plan in Europe, can drive demand for years to come in areas such as infrastructure, automation, medical innovation, electric vehicles, digitisation and decarbonisation. We believe the portfolio is well aligned to many of these structural spending streams.

Stefan Gries
BlackRock Investment Management (UK) Limited
10 May 2023

Ten largest investments

The Company's ten largest investments represented 52.6% of the Company's portfolio as at 28 February 2023

1 ► Novo Nordisk (2022: 1st)

Health Care company

Market value: £51,432,000
Share of investments: 8.9%

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

2 ▲ LVMH (2022: 3rd)

Consumer Discretionary company

Market value: £45,070,000
Share of investments: 7.8%

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

3 ▼ ASML (2022: 2nd)

Technology company

Market value: £39,029,000
Share of investments: 6.7%

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

4 ► RELX (2022: 4th)

Consumer Discretionary company

Market value: £31,612,000
Share of investments: 5.4%

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

5 ▶ Lonza Group (2022: 5th)

Health Care company

Market value: £29,436,000
Share of investments: 5.1%

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

6 ▶ DSV Panalpina (2022: 6th)

Industrials company

Market value: £26,202,000
Share of investments: 4.5%

A Danish freight forwarding and logistics company run by an excellent management team with a strong track record in creating value through acquisitions and by instilling a best-in-class culture in its organisation. Their success in making acquisitions has been facilitated by a strong technology platform which drives operational efficiencies leading to high conversion margins.

7 ▲ Hermès (2022: 9th)

Consumer Discretionary company

Market value: £23,156,000
Share of investments: 4.0%

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

8 ▶ Sika (2022: 8th)

Industrials company

Market value: £20,704,000
Share of investments: 3.6%

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

9 ▲ Safran (2022: 12th)

Industrials company

Market value: £19,122,000
Share of investments: 3.3%

Safran is a French multinational supplier of systems and equipment for aerospace, defence and security. The industry is emerging from a heavy investment period in new planes and engines and we see Safran as well placed to benefit from continued strength in its best in class after-market business, as well as strong execution in its LEAP engine programme which should drive growth for the next decade.

10 ▲ KBC Groep (2022: 14th)

Financials company

Market value: £18,959,000
Share of investments: 3.3%

KBC Groep (KBC) is a Belgian universal multi-channel bank-insurer, focusing on private clients and small- and medium-sized enterprises. KBC is a quality bank which changed its focus following the Global Financial Crisis, building resilience through conservative capital positions. KBC delivers above cost of capital returns in its developed markets, while its CEE (Central and Eastern Europe) exposure provides additional growth at higher returns. Management have proven strong capital allocation discipline and costs remain well-controlled.

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

Together, the ten largest investments represent 52.6% of the Company's portfolio (31 August 2022: 53.7%).

Portfolio analysis

as at 28 February 2023

	% France	% Switzerland	% Ireland	% Germany	% Sweden	% Netherlands	% Denmark	% Belgium	% Spain	% Italy	% Central Eastern Europe & other	% Portfolio 28.02.23	% Portfolio 31.08.22	% FTSE World Europe ex UK 28.02.23
Basic Materials	–	–	–	–	–	3.0	–	–	–	–	–	3.0	3.3	4.8
Consumer Services	–	–	–	–	–	–	–	–	–	–	–	–	–	3.4
Consumer Discretionary	11.8	–	–	–	–	5.4	–	–	–	3.0	–	20.2	19.5	13.5
Consumer Staples	–	2.2	–	–	–	–	2.2	–	–	–	–	4.4	6.5	8.9
Energy	–	–	–	–	–	–	–	–	–	–	–	–	–	4.5
Financials	–	1.5	–	–	–	–	–	3.3	–	2.4	1.0	8.2	11.7	18.1
Health Care	2.3	7.3	–	–	–	–	9.9	–	–	1.3	–	20.8	21.3	15.2
Industrials	5.1	5.8	1.0	1.2	3.1	2.7	4.5	–	–	–	–	23.4	21.9	17.6
Real Estate	–	–	–	–	–	–	–	–	–	–	–	–	–	1.1
Technology	1.8	2.1	–	–	1.9	11.9	–	–	2.3	–	–	20.0	15.8	8.8
Utilities	–	–	–	–	–	–	–	–	–	–	–	–	–	4.1
% Portfolio 28.02.23	21.0	18.9	1.0	1.2	5.0	23.0	16.6	3.3	2.3	6.7	1.0	100.0	–	–
% Portfolio 31.08.22	14.9	17.1	1.2	1.2	6.5	23.0	20.3	2.6	2.5	6.2	4.5	–	100.0	–
% FTSE World Europe ex UK 28.02.23	22.6	19.2	0.6	16.6	6.4	9.7	5.6	1.8	5.2	4.4	7.9	–	–	100.0

Percentages in the table above are a % of total investments.

Investments

as at 28 February 2023

	Country of operation	Market value £'000	% of investments
Industrials			
DSV Panalpina	Denmark	26,202	4.5
Sika	Switzerland	20,704	3.6
Safran	France	19,122	3.3
Adyen	Netherlands	15,479	2.7
ALD	France	10,527	1.8
Atlas Copco	Sweden	9,495	1.6
Epiroc	Sweden	8,759	1.5
Belimo	Switzerland	8,409	1.4
Rational	Germany	6,833	1.2
Kingspan	Ireland	6,054	1.0
VAT Group	Switzerland	4,598	0.8
		136,182	**23.4**
Health Care			
Novo Nordisk	Denmark	51,432	8.9
Lonza Group	Switzerland	29,436	5.1
Sartorius	France	13,459	2.3
Straumann	Switzerland	9,551	1.6
DiaSorin	Italy	7,382	1.3
ChemoMetec	Denmark	5,881	1.0
PolyPeptide Group	Switzerland	3,514	0.6
		120,655	**20.8**
Consumer Discretionary			
LVMH	France	45,070	7.8
RELX	Netherlands	31,612	5.4
Hermès	France	23,156	4.0
Ferrari	Italy	17,519	3.0
Ozon Holdings*	Russia	2	–
Fix Price Group*	Russia	–	–
		117,359	**20.2**
Technology			
ASML	Netherlands	39,029	6.7
BE Semiconductor	Netherlands	16,846	2.9
Amadeus IT Group	Spain	13,448	2.3
ASM International	Netherlands	13,048	2.3
STMicroelectronics	Switzerland	11,916	2.1
Hexagon	Sweden	10,982	1.9
ALTEN	France	10,611	1.8
		115,880	**20.0**

Investments

continued

	Country of operation	Market value £'000	% of investments
Financials			
KBC Groep	Belgium	18,959	3.3
FinecoBank	Italy	13,857	2.4
Partners Group	Switzerland	8,999	1.5
Allfunds Group	United Kingdom	5,819	1.0
Sberbank*	Russia	1	–
		47,635	**8.2**
Consumer Staples			
Royal Unibrew	Denmark	12,895	2.2
Lindt	Switzerland	12,496	2.2
		25,391	**4.4**
Basic Materials			
IMCD	Netherlands	17,665	3.0
		17,665	**3.0**
Energy			
Lukoil*	Russia	–	–
		–	**–**
Total investments		**580,767**	**100.0**

* During the year ended 31 August 2022, the investments in Sberbank, Ozon Holdings, Lukoil and Fix Price Group have been marked down to a nominal value of £0.01 as the secondary listings of depositary receipts of Russian companies have been suspended from trading.

All investments are in ordinary shares unless otherwise stated. The total number of investments held at 28 February 2023 was 40 (31 August 2022: 39).

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

As at 28 February 2023, 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 9 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 & regulatory 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 August 2022. A detailed explanation can be found in the Strategic Report on pages 31 to 34 and in note 15 on pages 90 to 97 of the Annual Report and Financial Statements which are available on the website maintained by BlackRock at www.blackrock.com/uk/brge.

In the view of the Board, there have not been any changes to the fundamental nature of the principal risks and uncertainties since the previous report and these are equally applicable to the remaining six months of the financial year as they were to the six months under review.

Going concern

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. The Board is mindful of the continuing uncertainty surrounding the current environment of heightened geopolitical risk given the war in Ukraine. The Board believes that the Company and its key third-party service providers have in place appropriate business continuity plans and these services have continued to be supplied without interruption.

The Company has a portfolio of investments which are predominantly readily realisable and is able to meet all of its liabilities from its assets and income generated from these assets. Accounting revenue and expense forecasts are maintained and reported to the Board regularly and it is expected that the Company will be able to meet all its obligations. The Investment Manager generally aims to be fully invested and it is anticipated that gearing will not exceed 15% of net asset value (NAV) at the time of drawdown of the relevant borrowings. Borrowings under the overdraft facility shall at no time exceed £60 million or 15% of the Company's net asset value (whichever is lower) and this covenant was complied with during the period. Based on the above, the Board is satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. Ongoing charges for the year ended 31 August 2022 were approximately 0.98% of net assets.

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 20 and note 12 on page 26. The related party transactions with the Directors are set out in note 11 on page 25.

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 UK Accounting Standards and the Accounting Standards Board's Statement 'Half Yearly Financial Reports'; 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 auditor.

The Half Yearly Financial Report was approved by the Board on 10 May 2023 and the above responsibility statement was signed on its behalf by the Chairman.

Eric Sanderson
For and on behalf of the Board
10 May 2023

Income Statement

for the six months ended 28 February 2023

	Notes	Six months ended 28 February 2023 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months ended 28 February 2022 (unaudited) Revenue £'000	Capital £'000	Total £'000	Year ended 31 August 2022 (audited) Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss		–	80,774	80,774	–	(138,558)	(138,558)	–	(206,195)	(206,195)
Gains on foreign exchange		–	106	106	–	1,807	1,807	–	1,142	1,142
Income from investments held at fair value through profit or loss	3	930	–	930	2,338	–	2,338	10,394	177	10,571
Total income		**930**	**80,880**	**81,810**	**2,338**	**(136,751)**	**(134,413)**	**10,394**	**(204,876)**	**(194,482)**
Expenses										
Investment management fee	4	(419)	(1,675)	(2,094)	(538)	(2,151)	(2,689)	(977)	(3,907)	(4,884)
Other operating expenses	5	(424)	(61)	(485)	(281)	(12)	(293)	(811)	(40)	(851)
Total operating expenses		**(843)**	**(1,736)**	**(2,579)**	**(819)**	**(2,163)**	**(2,982)**	**(1,788)**	**(3,947)**	**(5,735)**
Net profit/(loss) on ordinary activities before finance costs and taxation		**87**	**79,144**	**79,231**	**1,519**	**(138,914)**	**(137,395)**	**8,606**	**(208,823)**	**(200,217)**
Finance costs		(14)	(57)	(71)	(54)	(216)	(270)	(68)	(270)	(338)
Net profit/(loss) on ordinary activities before taxation		**73**	**79,087**	**79,160**	**1,465**	**(139,130)**	**(137,665)**	**8,538**	**(209,093)**	**(200,555)**
Taxation charge		(51)	–	(51)	(98)	–	(98)	(810)	–	(810)
Net profit/(loss) on ordinary activities after taxation	7	**22**	**79,087**	**79,109**	**1,367**	**(139,130)**	**(137,763)**	**7,728**	**(209,093)**	**(201,365)**
Earnings/(loss) per ordinary share (pence)	7	**0.02**	**78.20**	**78.22**	**1.37**	**(139.64)**	**(138.27)**	**7.65**	**(207.09)**	**(199.44)**

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

The net profit/(loss) on ordinary activities for the period disclosed above represents the Company's total comprehensive income/(loss).

Statement of Changes in Equity

for the six months ended 28 February 2023

	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
For the six months ended 28 February 2023 (unaudited)								
At 31 August 2022		117	85,325	130	71,572	315,960	10,695	483,799
Total comprehensive income:								
Net profit for the period		–	–	–	–	79,087	22	79,109
Transactions with owners, recorded directly to equity:								
Ordinary shares repurchased into treasury		–	–	–	(3,001)	–	–	(3,001)
Share buyback costs		–	–	–	(13)	–	–	(13)
Dividends paid[1]	6	–	–	–	–	–	(4,899)	(4,899)
At 28 February 2023		**117**	**85,325**	**130**	**68,558**	**395,047**	**5,818**	**554,995**
For the six months ended 28 February 2022 (unaudited)								
At 31 August 2021		113	48,340	130	71,541	522,321	9,286	651,731
Total comprehensive (loss)/income:								
Net (loss)/profit for the period		–	–	–	–	(139,130)	1,367	(137,763)
Transactions with owners, recorded directly to equity:								
Ordinary shares issued		5	30,067	–	–	–	–	30,072
Ordinary shares reissued from treasury		–	6,974	–	2,843	2,743	–	12,560
Share issue costs		–	(58)	–	–	–	–	(58)
Share reissue costs		–	–	–	(11)	(12)	–	(23)
Tender offer costs written back		–	–	–	14	–	–	14
Dividends paid[2]	6	–	–	–	–	–	(4,529)	(4,529)
At 28 February 2022		**118**	**85,323**	**130**	**74,387**	**385,922**	**6,124**	**552,004**
For the year ended 31 August 2022 (audited)								
At 31 August 2021		113	48,340	130	71,541	522,321	9,286	651,731
Total comprehensive (loss)/income:								
Net (loss)/profit for the period		–	–	–	–	(209,093)	7,728	(201,365)
Transactions with owners, recorded directly to equity:								
Ordinary shares issued		4	30,067	–	–	–	–	30,071
Ordinary shares reissued from treasury		–	6,974	–	2,843	2,743	–	12,560
Ordinary shares repurchased into treasury		–	–	–	(2,804)	–	–	(2,804)
Share issue costs		–	(56)	–	–	–	–	(56)
Share reissue costs		–	–	–	(14)	(11)	–	(25)
Share buyback costs		–	–	–	(8)	–	–	(8)
Tender costs written back		–	–	–	14	–	–	14
Dividends paid[3]	6	–	–	–	–	–	(6,319)	(6,319)
At 31 August 2022		**117**	**85,325**	**130**	**71,572**	**315,960**	**10,695**	**483,799**

1 Final dividend paid in respect of the year ended 31 August 2022 of 4.85p per share was declared on 3 November 2022 and paid on 16 December 2022.
2 Final dividend paid in respect of the year ended 31 August 2021 of 4.55p per share was declared on 5 November 2021 and paid on 17 December 2021.
3 Interim dividend paid in respect of the year ended 31 August 2022 of 1.75p per share was declared on 11 May 2022 and paid on 17 June 2022. Final dividend paid in respect of the year ended 31 August 2021 of 4.55p per share was declared on 5 November 2021 and paid on 17 December 2021.

For information on the Company's distributable reserves, please refer to note 9 on page 23.

Balance Sheet

as at 28 February 2023

	Notes	28 February 2023 (unaudited) £'000	28 February 2022 (unaudited) £'000	31 August 2022 (audited) £'000
Fixed assets				
Investments held at fair value through profit or loss		580,767	603,006	477,816
Current assets				
Current tax asset		1,673	1,222	1,919
Debtors		26	1,293	220
Cash and cash equivalents		–	1	7,348
Total current assets		**1,699**	**2,516**	**9,487**
Creditors – amounts falling due within one year				
Bank overdraft		(23,869)	(49,089)	(182)
Other creditors		(3,602)	(4,429)	(3,322)
Total current liabilities		**(27,471)**	**(53,518)**	**(3,504)**
Net current (liabilities)/assets		**(25,772)**	**(51,002)**	**5,983**
Net assets		**554,995**	**552,004**	**483,799**
Capital and reserves				
Called up share capital	8	117	118	117
Share premium account		85,325	85,323	85,325
Capital redemption reserve		130	130	130
Special reserve		68,558	74,387	71,572
Capital reserves		395,047	385,922	315,960
Revenue reserve		5,818	6,124	10,695
Total shareholders' funds		**554,995**	**552,004**	**483,799**
Net asset value per ordinary share (pence)	**7**	**549.50**	**539.59**	**475.72**

The financial statements on pages 16 to 26 were approved and authorised for issue by the Board of Directors on 10 May 2023 and signed on its behalf by Eric Sanderson, Chairman.

BlackRock Greater Europe Investment Trust plc

Registered in England, No. 5142459

Statement of Cash Flows

for the six months ended 28 February 2023

	Six months ended 28 February 2023 (unaudited) £'000	Six months ended 28 February 2022 (unaudited) £'000	Year ended 31 August 2022 (audited) £'000
Operating activities			
Net profit/(loss) on ordinary activities before taxation	79,160	(137,665)	(200,555)
Add back finance costs	71	270	338
(Gains)/losses on investments held at fair value through profit or loss	(80,774)	138,558	206,195
Gains on foreign exchange	(106)	(1,807)	(1,142)
Sale of investments held at fair value through profit or loss	39,221	86,473	179,206
Purchase of investments held at fair value through profit or loss	(61,398)	(151,233)	(185,158)
Decrease/(increase) in debtors	194	159	(23)
Increase/(decrease) in other creditors	858	1,511	(160)
Taxation on investment income	(246)	(176)	(1,498)
Interest paid	(71)	(270)	(338)
Refund of withholding tax reclaims	441	96	9
Net cash used in operating activities	**(22,650)**	**(64,084)**	**(3,126)**
Financing activities			
Ordinary shares issued	–	32,888	32,889
Ordinary shares reissued from treasury	–	12,551	12,535
Ordinary shares repurchased into treasury	(3,592)	–	(2,234)
Dividends paid	(4,899)	(4,529)	(6,319)
Net cash (used in)/generated from financing activities	**(8,491)**	**40,910**	**36,871**
(Decrease)/increase in cash and cash equivalents	**(31,141)**	**(23,174)**	**33,745**
Cash and cash equivalents at the beginning of the period/year	7,166	(27,721)	(27,721)
Effect of foreign exchange rate changes	106	1,807	1,142
Cash and cash equivalents at the end of the period/year	**(23,869)**	**(49,088)**	**7,166**
Comprised of:			
Cash at bank	–	1	1,104
Cash Fund[1]	–	–	6,244
Bank overdraft	(23,869)	(49,089)	(182)
	(23,869)	**(49,088)**	**7,166**

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

Notes to the Financial Statements

for the six months ended 28 February 2023

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 preparation

The financial statements of the Company are prepared on a going concern basis in accordance with Financial Reporting Standard 104 Interim Financial Reporting (FRS 104) applicable in the United Kingdom and Republic of Ireland and the revised Statement of Recommended Practice – 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP) issued by the Association of Investment Companies (AIC) in October 2019, and updated in July 2022, and the provisions of the Companies Act 2006.

The accounting policies and estimation techniques applied for the condensed set of financial statements are as set out in the Company's Annual Report and Financial Statements for the year ended 31 August 2022.

3. Income

	Six months ended 28 February 2023 (unaudited) £'000	Six months ended 28 February 2022 (unaudited) £'000	Year ended 31 August 2022 (audited) £'000
Investment income:			
UK dividends	–	–	681
Overseas dividends	929	2,234	9,072
Overseas special dividends	–	104	641
Total investment income	**929**	**2,338**	**10,394**
Other income:			
Interest received	1	–	–
	1	**–**	**–**
Total income	**930**	**2,338**	**10,394**

Dividends and interest received in cash during the period amounted to £691,000 and £1,000 respectively (six months ended 28 February 2022: £2,396,000 and £nil; year ended 31 August 2022: £8,893,000 and £nil).

No special dividends have been recognised in capital during the period (six months ended 28 February 2022: £nil; year ended 31 August 2022: £177,000).

4. Investment management fee

	Six months ended 28 February 2023 (unaudited)			Six months ended 28 February 2022 (unaudited)			Year ended 31 August 2022 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	419	1,675	2,094	538	2,151	2,689	977	3,907	4,884
Total	**419**	**1,675**	**2,094**	**538**	**2,151**	**2,689**	**977**	**3,907**	**4,884**

With effect from 1 January 2023, the investment management fee is levied quarterly based on a tiered basis: 0.85% per annum on month-end net asset value up to £350 million and 0.75% per annum on month-end net asset value above £350 million.

Up to and including 31 December 2022, the investment management fee was levied quarterly, based on 0.85% per annum of net asset value on the last day of each month.

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

5. Other operating expenses

	Six months ended 28 February 2023 (unaudited) £'000	Six months ended 28 February 2022 (unaudited) £'000	Year ended 31 August 2022 (audited) £'000
Allocated to revenue:			
Broker fees	24	21	46
Custody fees	14	35	61
Depositary fees	32	37	62
Audit fees[1]	29	26	52
Legal fees[2]	13	13	142
Registrar's fees	48	41	92
Directors' emoluments	84	66	151
Marketing fees	46	48	130
Postage and printing fees	35	39	60
AIC fees	11	11	21
Professional fees	43	6	19
Stock exchange listing fees	24	9	17
Write back of prior year expense accruals[3]	–	(116)	(55)
Other administration costs	21	45	13
	424	**281**	**811**
Allocated to capital:			
Custody transaction costs[4]	61	12	40
	485	**293**	**851**

1 No non-audit services are provided by the Company's auditor.

2 For the year ended 31 August 2022, legal fees of £117,000 related to legal work for the aborted issuance of a long-dated loan note.

3 No prior year accruals have been written back in the period (six months ended 28 February 2022: legal fees, printing and postage fees, reclaim of VAT and miscellaneous fees; year ended 31 August 2022: legal fees, printing and postage fees, professional fees, miscellaneous fees and Directors' expenses).

4 For the six month period ended 28 February 2023, expenses of £61,000 (six months ended 28 February 2022: £12,000; year ended 31 August 2022: £40,000) were charged to the capital account of the Income Statement. These relate to transaction costs charged by the custodian on sale and purchase trades.

The direct transaction costs incurred on the acquisition of investments amounted to £98,000 for the six months ended 28 February 2023 (six months ended 28 February 2022: £221,000; year ended 31 August 2022: £244,000). Costs relating to the disposal of investments amounted to £28,000 for the six months ended 28 February 2023 (six months ended 28 February 2022: £30,000; year ended 31 August 2022: £55,000). All transaction costs have been included within the capital account.

6. Dividends

The Directors have declared an interim dividend of 1.75p per share for the period ended 28 February 2023, payable on 19 June 2023 to shareholders on the register on 19 May 2023. The total cost of the dividend based on 101,000,161 ordinary shares in issue at 10 May 2023 was £1,768,000 (28 February 2022: £1,790,000).

In accordance with FRS 102, Section 32 'Events After the End of the Reporting Period', the interim dividend payable on the ordinary shares has not been included as a liability in the financial statements, as interim dividends are only recognised when they have been paid.

Notes to the Financial Statements

continued

7. Earnings and net asset value per ordinary share

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

	Six months ended 28 February 2023 (unaudited)	**Six months ended 28 February 2022 (unaudited)**	**Year ended 31 August 2022 (audited)**
Net revenue profit attributable to ordinary shareholders (£'000)	22	1,367	7,728
Net capital profit/(loss) attributable to ordinary shareholders (£'000)	79,087	(139,130)	(209,093)
Total profit/(loss) attributable to ordinary shareholders (£'000)	**79,109**	**(137,763)**	**(201,365)**
Total shareholders' funds (£'000)	**554,995**	**552,004**	**483,799**
Earnings per share			
The weighted average number of ordinary shares in issue during the period on which the earnings per ordinary share was calculated was:	101,136,375	99,633,726	100,964,479
The actual number of ordinary shares in issue at the end of the period on which the net asset value per ordinary share was calculated was:	101,000,161	102,300,411	101,698,853
Calculated on weighted average number of ordinary shares:			
Revenue earnings per share (pence) – basic and diluted	0.02	1.37	7.65
Capital earnings/(loss) per share (pence) – basic and diluted	78.20	(139.64)	(207.09)
Total earnings/(loss) per share (pence) – basic and diluted	**78.22**	**(138.27)**	**(199.44)**

	As at 28 February 2023 (unaudited)	**As at 28 February 2022 (unaudited)**	**As at 31 August 2022 (audited)**
Net asset value per share (pence)	549.50	539.59	475.72
Ordinary share price (pence)	523.00	538.00	456.00

There were no dilutive securities at 28 February 2023 (28 February 2022: none; 31 August 2022: none).

8. Called up share capital

(unaudited)	**Ordinary shares number**	**Treasury shares number**	**Total shares number**	**Nominal value £'000**
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 0.1 pence each:				
At 31 August 2022	101,698,853	16,230,085	117,928,938	117
Ordinary shares repurchased into treasury	(698,692)	698,692	–	–
At 28 February 2023	**101,000,161**	**16,928,777**	**117,928,938**	**117**

During the six months ended 28 February 2023, 698,692 ordinary shares were repurchased and held in treasury (six months ended 28 February 2022: nil; year ended 31 August 2022: 601,558) for a net consideration after expenses of £3,014,000 (six months ended 28 February 2022: £nil; year ended 31 August 2022: £2,812,000).

During the six months ended 28 February 2023, no new ordinary shares were issued (six months ended 28 February 2022: 4,300,000; year ended 31 August 2022: 4,300,000) for a net consideration after expenses of £nil (six months ended 28 February 2022: £30,014,000; year ended 31 August 2022: £30,015,000).

During the six months ended 28 February 2023, no ordinary shares were reissued from treasury (six months ended 28 February 2022: 1,945,000; year ended 31 August 2022: 1,945,000) for a net consideration after expenses of £nil (six months ended 28 February 2022: £12,537,000; year ended 31 August 2022: £12,535,000).

Since 28 February 2023 and up to the latest practicable date of 10 May 2023, no ordinary shares have been repurchased and placed in treasury.

9. Reserves

The share premium account and capital redemption reserve are not distributable reserves under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the special reserve and capital reserves may be used as distributable reserves for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments as dividends. In accordance with the Company's Articles of Association, the special reserve, capital reserves and revenue reserve may be distributed by way of dividend. The gain on the capital reserve arising on the revaluation of investments held of £132,037,000 (six months ended 28 February 2022: gain of £137,621,000; year ended 31 August 2022: gain of £54,590,000) is subject to fair value movements and may not be readily realisable at short notice; as such it may not be entirely distributable. The investments are subject to financial risks; as such the capital reserve (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments.

10. Financial risks and valuation of financial instruments

The Company's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The risks are substantially consistent with those disclosed in the previous annual financial statements, with the exception of those outlined below.

Market risk arising from price risk

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

The current environment of heightened geopolitical risk given the war in Ukraine has undermined investor confidence and market direction. In addition to the tragic and devastating events in Ukraine, the war has constricted supplies of key commodities, pushing prices up and creating a level of market uncertainty and volatility which is likely to persist for some time.

Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash and cash equivalents and overdrafts). Section 34 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note on page 82 of the Annual Report and Financial Statements for the year ended 31 August 2022.

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

The fair value hierarchy has the following levels:

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

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

Level 2 – Valuation techniques using observable inputs

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

Level 3 – Valuation techniques using significant unobservable inputs

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

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

Notes to the Financial Statements

continued

10. Financial risks and valuation of financial instruments continued

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

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

Fair values of financial assets and financial liabilities

The table below is the analysis of the Company's financial instruments measured at fair value at the balance sheet date.

Financial assets at fair value through profit or loss at 28 February 2023 (unaudited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	580,764	–	3	580,767
Total	**580,764**	**–**	**3**	**580,767**

Financial assets at fair value through profit or loss at 28 February 2022 (unaudited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	603,006	–	–	603,006
Total	**603,006**	**–**	**–**	**603,006**

Financial assets at fair value through profit or loss at 31 August 2022 (audited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	477,813	–	3	477,816
Total	**477,813**	**–**	**3**	**477,816**

The Company held four Level 3 securities as at 28 February 2023 (28 February 2022: nil; 31 August 2022: four).

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

Level 3 financial assets at fair value through profit or loss

	Six months ended 28 February 2023 (unaudited) £'000	**Six months ended 28 February 2022 (unaudited) £'000**	**Year ended 31 August 2022 (audited) £'000**
Opening fair value	3	–	–
Transfers from Level 1	–	–	3
Closing fair value	**3**	**–**	**3**

During the year ended 31 August 2022, the investments in Ozon Holdings, Fix Price Group, Sberbank and Lukoil have been marked down to a nominal value of £0.01, as the secondary listings of depositary receipts of Russian companies have been suspended from trading.

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

11. Related party disclosure

The Board consists of five non-executive Directors, all of whom are considered to be independent by the Board. None of the Directors has a service contract with the Company. The Chairman receives an annual fee of £44,000, 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 £30,000.

As at 28 February 2023, the following members of the Board hold shares in the Company: Eric Sanderson held 4,000 ordinary shares, Peter Baxter held 11,000 ordinary shares, Ian Sayers held 4,000 ordinary shares and Paola Subacchi held 9,017 ordinary shares.

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

The transactions with the Investment Manager and AIFM are stated in note 12.

Significant holdings

The following investors are:

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

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

As at 28 February 2023

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
0.91%	n/a	n/a

As at 28 February 2022

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
1.28%	n/a	n/a

Notes to the Financial Statements

continued

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 in the Directors' Report on page 45 in the Annual Report and Financial Statements for the year ended 31 August 2022.

With effect from 1 January 2023, the investment management fee is levied quarterly based on 0.85% per annum of net asset value on net assets up to £350 million and 0.75% on net asset value on net assets thereafter on the last day of each month. Up to and including 31 December 2022, the investment management fee was levied quarterly and was based on 0.85% per annum of net asset value on the last day of each month. The investment management fee due for the six months ended 28 February 2023 amounted to £2,094,000 (six months ended 28 February 2022: £2,689,000; year ended 31 August 2022: £4,884,000). At the period end, £3,145,000 was outstanding in respect of the management fee (28 February 2022: £3,992,000; 31 August 2022: £2,199,000).

In addition to the above services, BIM (UK) provided the Company with marketing services. The total fees paid or payable for these services for the six months ended 28 February 2023 amounted to £46,000 excluding VAT (six months ended 28 February 2022: £48,000; year ended 31 August 2022: £130,000). Marketing fees of £117,000 excluding VAT were outstanding at 28 February 2023 (28 February 2022: £112,000; 31 August 2022: £71,000).

During the year, the Manager pays the amounts due to the Directors. These fees are then reimbursed by the Company for the amounts paid on its behalf. As at 28 February 2023, an amount of £111,000 was payable to the Manager in respect of Directors' fees (28 February 2022: £88,000; 31 August 2022: £149,000).

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 28 February 2023 (28 February 2022: none; 31 August 2022: none).

14. Publication of non statutory accounts

The financial information contained in this half yearly report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the six months ended 28 February 2023 and 28 February 2022 has not been audited.

The information for the year ended 31 August 2022 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditor on those accounts contained no qualification or statement under Sections 498 (2) or (3) of the Companies Act 2006.

15. Annual results

The Board expects to announce the annual results for the year ending 31 August 2023 in early November 2023. Copies of the annual results announcement can be obtained from the Secretary on 020 7743 3000 or cosec@blackrock.com. The Annual Report should be available by November 2023 with the Annual General Meeting being held in December 2023.

Management and other service providers

Registered Office
(Registered in England and Wales, No. 5142459)
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

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

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

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

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

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

* Authorised and regulated by the Financial Conduct Authority.

Directors

Eric Sanderson
Chairman
Appointed April 2013

Peter Baxter
Appointed April 2015

Davina Curling
Senior Independent Director
Appointed December 2011

Paola Subacchi
Appointed July 2017

Ian Sayers
Audit and Management Engagement Committee Chairman
Appointed February 2022

Shareholder information

Financial calendar

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

April/May

Half yearly figures announced and half yearly financial report published.

June

Interim dividend paid.

November

Annual results and final dividend for year announced. Annual Report and Financial Statements published.

December

Annual General Meeting and final dividend paid.

Interim dividend

The proposed interim dividend in respect of the year ending 31 August 2023 is 1.75 p per share.

Ex-dividend date (shares transferred without the dividend)	18 May 2023
Record date (last date for registering transfers to receive the dividend)	19 May 2023
Last date for registering DRIP instructions	26 May 2023
Dividend payment date	19 June 2023

Payment of dividends

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

Dividend reinvestment scheme (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0370 707 1163. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 26 May 2023.

Share price

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

ISIN/SEDOL numbers

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

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

Dividend tax allowance

The annual tax-free allowance on dividend income across an individual's entire share portfolio is £1,000. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances.

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

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

Share dealing

Investors wishing to purchase more shares in the Company, or sell all or part of their existing holding, may do so through a stockbroker. Most banks also offer this service. Alternatively, please go to www.computershare.com/dealing/uk for a range of dealing services made available by Computershare.

CREST

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

Electronic communications

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

Shareholder information

continued

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

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

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.

Publication of net asset value/portfolio analysis

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

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

Individual Savings Accounts (ISAs)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion within stocks and shares Individual Savings Accounts. In the 2023/2024 tax year, investors have an annual ISA allowance of £20,000 (2022/2023: £20,000) which can be invested in either cash or shares.

Online access

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

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

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

Shareholder enquiries

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

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

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

General enquiries

Enquiries about the Company should be directed to:

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

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.

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 28 February 2023, the share price was 523.00p (28 February 2022: 538.00p; 31 August 2022: 456.00p) and the NAV was 549.50p (28 February 2022: 539.39p; 31 August 2022: 475.72p) and the discount was 4.8% (28 February 2022: 0.3%; 31 August 2022: 4.1%) (please see note 7 of the financial statements on page 22 for the inputs to the calculation).

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 530.00p and the NAV 525.00p, the premium would be 0.9%.

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

Gearing and borrowings*

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

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

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

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

Net gearing calculation	Page	28 February 2023 (unaudited) £'000	28 February 2022 (unaudited) £'000	31 August 2022 (audited) £'000	
Net assets	18	554,995	552,004	483,799	(a)
Borrowings	18	23,869	49,089	182	(b)
Total assets (a + b)		578,864	601,093	483,981	(c)
Current assets[1]	18	1,699	2,516	9,487	(d)
Current liabilities (excluding borrowings)	18	(3,602)	(4,429)	(3,322)	(e)
Net current (liabilities)/assets (d + e)		(1,903)	(1,913)	6,165	(f)
Net gearing (g = (c – f – a)/ a)		**4.6%**	**9.2%**	**nil**	**(g)**

[1] Includes cash at bank.

* Alternative performance measure.

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.

Net asset value per share (capital only NAV)

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

As at 28 February 2023, equity shareholders' funds less the current year net revenue return (after interim dividends) amounted to £554,973,000 (28 February 2022: £550,637,000; 31 August 2022: £477,861,000) and there were 101,000,161 (28 February 2022: 102,300,411; 31 August 2022: 101,698,853) ordinary shares in issue (excluding treasury shares); therefore, the capital only NAV was 549.48p (28 February 2022: 538.25p; 31 August 2022: 469.88p).

Equity shareholders' funds (excluding current period revenue) of £554,973,000 (28 February 2022: £550,637,000; 31 August 2022: £477,861,000) are calculated by deducting from the Company's net assets (£554,995,000) (28 February 2022: £552,004,000; 31 August 2022: £483,799,000) its current period revenue (£22,000) (28 February 2022: £1,367,000; 31 August 2022: £7,728,000) and adding back the interim dividends (£nil) (28 February 2022: £nil; 31 August 2022: £1,790,000) paid.

Net asset value per share (cum income NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing 'equity shareholders' funds' by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 28 February 2023, equity shareholders' funds were worth £554,995,000 (28 February 2022: £552,004,000; 31 August 2022: £483,799,000) and there were 101,000,161 (28 February 2022: 102,300,411; 31 August 2022: 101,698,853) ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 549.50p (28 February 2022: 539.59p; 31 August 2022: 475.72p) 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.

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 measure.

Glossary
continued

NAV performance	Page	Six months to 28 February 2023 (unaudited)	Six months to 28 February 2022 (unaudited)	Year ended 31 August 2022 (audited)	
Closing NAV per share (pence)	22	549.50	539.59	475.72	
Add back interim and final dividends (pence)	17	4.85	4.55	6.30	
Effect of dividend reinvestment (pence)		0.46	(1.06)	(1.46)	
Adjusted closing NAV (pence)		554.81	543.08	480.56	(a)
Opening NAV per share (pence)	22	475.72	678.49	678.49	(b)
NAV total return (c = ((a – b)/b)) (%)		**16.6**	**(20.0)**	**(29.2)**	**(c)**

Share price performance	Page	Six months to 28 February 2023 (unaudited)	Six months to 28 February 2022 (unaudited)	Year ended 31 August 2022 (audited)	
Closing share price (pence)	22	523.00	538.00	456.00	
Add back interim and final dividends (pence)	17	4.85	4.55	6.30	
Effect of dividend reinvestment (pence)		0.52	(1.13)	(1.56)	
Adjusted closing share price (pence)		528.37	541.42	460.74	(a)
Opening share price (pence)	22	456.00	692.00	692.00	(b)
Share price total return (c = ((a – b)/b)) (%)		**15.9**	**(21.8)**	**(33.4)**	**(c)**

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 the Company's management fee and all other operating expenses (excluding finance costs, direct transaction costs, custody transaction costs, VAT recovered, taxation, prior year expenses written back and certain non-recurring items) expressed as a percentage of the average daily net assets of the Company during the year.

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

Ongoing charges calculation	Page	31 August 2022 (audited) £'000	31 August 2021 (audited) £'000	
Management fee	20	4,884	4,156	
Other operating expenses[1]	21	749	787	
Total management fee and other operating expenses		5,635	4,943	(a)
Average daily net assets in the year		576,678	482,454	(b)
Ongoing charges (c = a/b)		**0.98%**	**1.02%**	**(c)**

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

* Alternative performance measure.

Quoted securities and unquoted securities

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

Revenue profit and revenue reserves

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

Treasury shares

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

Yield*

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

Yield	Page	As at 28 February 2023 (unaudited)	As at 28 February 2022 (unaudited)	As at 31 August 2022 (audited)	
Interim and final dividends paid/payable (pence)[1]	17	6.60	6.30	6.60	(a)
Ordinary share price (pence)		523.00	538.00	456.00	(b)
Yield (c = a/b) (%)		**1.3**	**1.2**	**1.4**	**(c)**

[1] Comprising dividends declared/paid for the twelve months to 28 February 2023, 28 February 2022 and 31 August 2022 respectively.

* Alternative performance measure.

Share fraud warning

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

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

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

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

Report a scam

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

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

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

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

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