BlackRock Greater Europe Investment Trust plc

Annual Report and Financial Statements 31 August 2019

Why BlackRock Greater Europe Investment Trust plc?

Reasons to invest...

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 will have 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.

Conviction

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

Long-term focus

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

Risk aware

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

Personnel

The Company benefits from two leading teams within BlackRock's Active Equity division. The 21-strong European Equity team as well as a further seven analysts focusing on Emerging Europe from the Global Emerging Markets team.

Differentiated opportunity

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

aic
The Association of Investment Companies

A member of the Association of Investment Companies

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

Financial highlights

385.00p
Ordinary share price

▲7.9%[1,2,3]

399.52p
NAV per ordinary share

▲6.3%[2,3]

5.85p
Total dividends

▲1.7%

1.5%[3]
Yield

£338.4m
Net assets

Aerospace holding Safran was a strong contributor to portfolio performance. The aircraft engine manufacturer has already secured more than 17,000 orders for its LEAP engine, developed to power the next generation of single-aisle commercial jets.

Photo: Adrien Daste / Safran

Percentage comparisons are year-on-year against 31 August 2018.
1 Mid-market.
2 Performance figures are calculated in sterling terms with dividends reinvested.
3 Alternative Performance Measure. See Glossary on page 93.

Contents

Contents

Performance record

	As at 31 August 2019	As at 31 August 2018	Change %
Net asset value per ordinary share (pence)	399.52	382.17	+4.5
– with dividends reinvested[1]	–	–	+6.3
Net assets (£'000)[2]	338,442	330,419	+2.4
Ordinary share price (mid-market) (pence)	385.00	363.00	+6.1
– with dividends reinvested[1]	–	–	+7.9
FTSE World Europe ex UK Index (total return)	1457.46	1390.67	+4.8

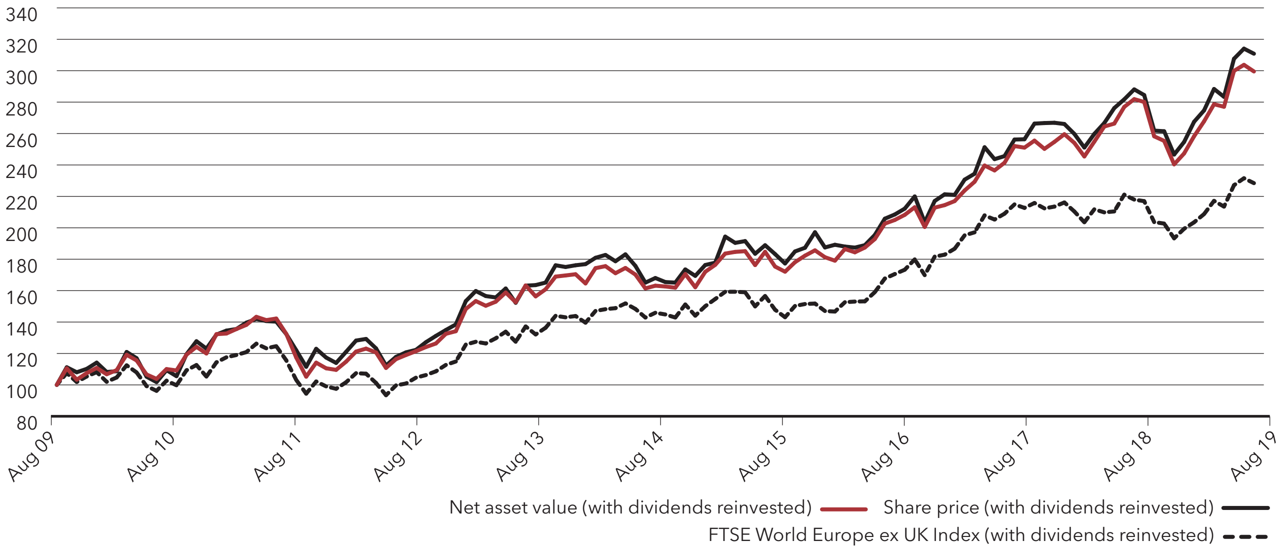
	For the year ended 31 August 2019	For the year ended 31 August 2018	Change %
Revenue			
Net profit after taxation (£'000)	4,160	5,347	-22.2
Revenue profit per ordinary share (pence)[3]	4.87	5.95	-18.2

[1] This measures the Company's NAV and share price total return, which assumes dividends paid by the Company have been reinvested. Further details of the calculation of performance with dividends reinvested are given in the Glossary on page 93.

[2] The change in net assets reflects the tender offer implemented in the year, buyback of shares into treasury, market movements and dividends paid.

[3] Further details are given in the Glossary on page 92.

Performance over the ten years to 31 August 2019



Sources: BlackRock and Datastream.
Total return performance record in sterling terms, rebased to 100 at 1 September 2009.

Chairman's statement

ERIC SANDERSON

Performance overview

During the year to 31 August 2019 the Company's net asset value per share (NAV) increased by 6.3%, outperforming the FTSE World Europe ex UK Index which rose by 4.8%. The share price increase was even better, rising by 7.9% over the same period. (All percentages calculated in sterling terms with dividends reinvested.)

European markets trended higher during the year despite concerns over trade relations between the US and China and a softer global growth outlook which have stoked greater uncertainty. Growth indicators in Europe have been lacklustre, leading to the European Central Bank (ECB) leaving policy unchanged and announcing that interest rates would remain at all-time-lows into the first half of 2020. This increasingly dovish tone in monetary policy since the start of 2019 has pushed yields on European governments bonds to record lows which has added to the relative appeal of equities.

The Company's Portfolio Managers focus on investing over the longer term in good quality and well capitalised companies with strong management teams. It has therefore been pleasing to see the Company's NAV outperform the index despite the uncertain and challenging market. Additional information on European markets and key contributors to, and detractors from, portfolio performance are set out in the Investment Manager's report on pages 6 to 10.

Since the financial year end and up to close of business on 21 October 2019, the Company's NAV has decreased by 2.8% compared with a fall in the FTSE World Europe ex UK Index of 1.7% over the same period.

Revenue earnings and dividends

The Company's revenue return per share for the year ended 31 August 2019 amounted to 4.87p per share, which compares with 5.95p per share for the previous year, a decrease of 18.2%. This in part reflects the absence this year of the one-off receipt of French withholding tax reclaims which was a feature of earnings in 2018 and also the repositioning of the portfolio over the past two years or so into lower yielding growth stocks.

In April the Board declared an interim dividend of 1.75p per share (2018: 1.75p). The Board is proposing the payment of a final dividend of 4.10p per share for the year (2018: 4.00p). This, together with the interim dividend, makes a total dividend for the year of 5.85p per share (2018: 5.75p), an increase of 1.7%.

Given that the Company has revenue reserves and also has the ability to make dividend distributions out of special reserves and capital reserves, the Board does not believe that there is an overriding requirement for the annual dividend to be covered by current year revenue alone. The Board is therefore prepared to pay out a small amount from revenue reserves to maintain a progressive dividend policy, which the Company has achieved to date.

Subject to shareholder approval, the dividend will be paid on 10 December 2019 to shareholders on the Company's register on 1 November 2019, the ex-dividend date being 31 October 2019.

Discount control

The Board continues to monitor the Company's discount to NAV and will look to buy back shares and/or operate six monthly tender offers if it is deemed to be in the interests of shareholders as a whole.

The Directors exercised their discretion to operate the half yearly tender offer in November 2018, which in common with previous tenders was for up to 20% of the ordinary shares in issue at the prevailing NAV. Valid tenders for 1,036,590 shares (1.20% of the shares in issue excluding treasury shares) were received at a price of 335.38p per share.

In March the Board announced that it would not be implementing the May semi-annual tender offer. Over the six months to 28 February 2019, the average discount to NAV (cum income) was 4.6% and the discount to NAV on a cum income basis (diluted for treasury shares) as at close of business on 22 March 2019 was 3.7%. It was also announced on 16 September 2019 that the Board had decided not to implement a semi-annual tender offer in November 2019. Over the six month period to 31 August 2019, the average discount to NAV (cum income) was 4.1% and the discount to NAV on a cum income basis (diluted for treasury shares) as at close of business on 13 September 2019 was 1.5%. The Board therefore concluded that it was not in the interests of shareholders as a whole to implement either the May or November 2019 semi-annual tender offers.

In addition to the November 2018 tender offer, during the year the Company has repurchased 710,000 ordinary shares in the market. 220,000 shares have also been purchased since the year end, up to and including the date of this report. All repurchased shares have been placed in treasury.

Resolutions to renew the Company's semi-annual tender offers and share buyback authorities will be put to shareholders at the forthcoming Annual General Meeting.

AIC Code of Corporate Governance and composition of the Board

Earlier this year, the Association of Investment Companies (AIC) published the 2019 Code of Corporate Governance (the AIC Code) which was endorsed by the Financial Reporting Council (FRC) as being appropriate for investment companies. The AIC Code applies to accounting periods beginning on or after 1 January 2019. The Board has determined that, effective from the Company's new financial year, it will comply with the recommendations of the 2019 AIC Code. This in most material respects is the same as the FRC Code, save that there is greater flexibility regarding the tenure of office of the Chairman.

There have been no changes to the composition of the Board or its Committees during the year. The Board has a succession plan in place which ensures that a suitable balance of skills, knowledge, experience, independence and diversity is achieved to enable the Board to effectively discharge its duties. All members of the Board have currently been in office for less than nine years.

Outlook

The near-term outlook for markets remains uncertain with concerns that the global trade wars could escalate or broaden to Europe and other economies, hitting market sentiment and leading to an extended lull in major economies thus weighing on global growth. The impact of the ongoing Brexit negotiations also continues as a risk on the horizon. However, the decisively dovish stance by the ECB should provide a tailwind and help to mitigate any potential negative effects that may arise. The Company's Portfolio Managers will continue to position the portfolio to focus on quality companies with strong cash flows and the ability to grow to create value for shareholders over the long term.

Annual general meeting

The Annual General Meeting of the Company will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Thursday, 5 December 2019 at 12 noon. As in previous years, the Portfolio Managers will make a presentation to shareholders on the Company's progress and the outlook for the year ahead.

We, the Directors of your Company, regard the Annual General Meeting as the most important meeting of the year and we encourage you to come along. We have considered the resolutions proposed in the Notice of the Annual General Meeting and believe that all are in the interests of shareholders as a whole. We therefore recommend that you vote in favour of each resolution as we intend to do in respect of our beneficial holdings.

ERIC SANDERSON
Chairman
22 October 2019

Investment manager's report

STEFAN GRIES

SAM VECHT

Overview

The Company enjoyed positive performance over the period with a share price increase of 7.9% and underlying NAV increase of 6.3% in the twelve months to 31 August 2019. By way of comparison, the FTSE World Europe ex UK Index gained 4.8% over the same period. (All percentages calculated in sterling terms with dividends reinvested.)

The year to the end of August 2019 proved volatile with several distinct market phases, largely related to changes in investor sentiment and perception of growth prospects. The latter part of 2018 saw a precipitous fall in global equity markets as bond market volatility spiked and the US 10-year bond yield moved resolutely above 3%. In the first instance, this put equity valuations under pressure and sparked a rotation in the market between those stocks that looked 'cheap' on a valuation basis and those exhibiting growth but were considered more expensive. Further pressure on the market during this period came from growing concerns of an incremental slowdown in global growth, which put those assets exposed to end markets that correlate to economic growth under pressure.

As we moved into the first half of 2019, the earnings season gave market participants the first chance to judge the extent of the global slowdown that had led to such weakness in equity markets. In aggregate, earnings and outlook statements from management teams supported the case for a slower rate of global growth but not recession. This lifted markets significantly, with a strong rally in European equities. However, demand for the asset class was overshadowed by political concerns around Italian populism and debt issues, as well as on-going Brexit negotiations. The latter had an impact on the currency with sterling depreciating modestly, circa 1%, versus the Euro over the period, benefiting the total return of the Company. Outflows from European equities had reached near US$100 billion year-to-date by the end of September (EPFR data of cross-border ETF and mutual fund flows).

Political rhetoric proved the primary driver of markets in the latter part of the period with US-Chinese tensions weighing significantly on earnings for certain sectors as companies looked to alter supply chains in the face of uncertainty. This led to cyclical assets, and particularly those within the industrial, chemicals and autos industries, to underperform. It also raised concerns about spill-over effects for economic growth. These concerns, and indeed concerns about the anaemic level of inflation, were reflected by the European Central Bank which took an increasingly dovish stance, sending fixed income yields lower still.

Volatility in the market creates opportunity for active investors to gain access to securities where the value of potential earnings and cash flow growth is not ascribed to the current share price. Whilst the Company's portfolio turnover was relatively low at 36% for the period, we used these bouts of market volatility to increase our exposure to securities which looked to be at depressed valuations versus their fundamental outlook. We stuck to our key investment criteria; looking for companies with strong management teams, high rates of return, attractive free cash flow profiles, as well as something unique, such as a brand, product or contract structure which protects those returns. The Company's outperformance was driven by positive stock selection with a number of our investments exhibiting positive earnings momentum over the period.

Portfolio

The Company aims to construct a portfolio that is high conviction and concentrated in nature but diversified by end market exposures. Outperformance generated during the period reflected this, with the top five positively contributing stocks exposed to emerging market banking, both low- and high-end consumer retail globally, and industrial manufacturing.

Sberbank was the top performing position in the portfolio over the period. We had initiated the holding on the expectation that the earnings revision cycle was underestimated by the market. Following easing of sanctions towards Russia and realisation of improving earnings the stock rallied. As it reached what we deemed to be its fair value, we exited the position.

Within the consumer space, positions in Royal Unibrew, Ferrari and Adidas were all notable contributors to performance. Royal Unibrew is a new position initiated in the Company during the year, which operates in consolidated markets for both brewing and beverages. We like Royal Unibrew's decentralised structure which allows for on-the-ground managers to respond quickly to trends for products, brands and packaging and make capital allocation decisions which support the realisation of strategic and financial targets. This has translated to an attractive return on invested capital (ROIC) of circa 25% for the business.

Shares in Ferrari performed well as the company continued to execute on its long-term targets to double earnings before interest and taxation (EBIT) by 2022 from 2017 base levels. Their most recent results saw EBIT ahead of consensus and Free Cash Flow targets upgraded, with the latter aided by this year's supercar, the Monza. We believe Ferrari's plan to double EBIT is more than achievable as they use their brand exclusivity to push through pricing increases on car models and ancillaries which will lead to EBIT margins of circa 38%. This compares very favourably to typical high-end car brands and, importantly, we believe it will be sustainable in the long-run.

The Company also realised strong performance from a holding in aerospace engine maker Safran. Safran has executed strongly on the ramp-up of its new LEAP engine, maintaining its dominance in the narrow body plane market. In addition to building for new deliveries, the business has enjoyed accelerating growth in their aftermarket civil business which is supported by the strong aerospace cycle as demand for air travel continues to grow. The aftermarket business is highly cash generative as aircraft come in for servicing on regulated schedules. This gives management the confidence to predict high-single-digit revenue growth for this portion of the business out to 2025, providing a level of resilience for earnings with any potential slowing in the aerospace cycle.

A long-standing position in Novo Nordisk was also a notable contributor to Company performance. Novo has a dominant diabetes drug franchise which has grown at a mid-single-digit rate in recent years. Further growth is being fuelled by the launch of new products, such as their injectable GLP-1 which has shown to have better cardio vascular and weight loss outcomes than competitor products, driving strong rates of adoption amongst the patient population. We expect Novo to file their oral GLP-1 towards the end of 2019, which will be sold into a US$12 billion addressable market at what we feel is likely a more attractive price point than the market is expecting. Novo's clean accounting, sound corporate governance and strong capital allocation have made it a core holding within our portfolio.

From a sector stand point, the Company continued to exhibit a lower allocation to European financials and in particular European banks. This benefited relative returns as the banking sector saw downwards earnings revisions based not only on the cyclical pressure of low rates, but harsh competitive dynamics which have been further heightened by recent regulatory changes such as the Payments Service Directive II. With this regulation, and falling customer loyalty in a digital age, we believe the banks will suffer yet further competition from more nimble fintech players and thus continue to see key measures of profitability fall. Where we have invested in European banks we have looked for those operating in more consolidated markets with better pricing dynamics and higher Returns on Equity. Regrettably, our position in

Royal Unibrew is a new addition to the portfolio. The firm produces, markets, sells and distributes beers, ciders and non-alcoholic beverages. Although primarily operating in Northern Europe, Italy and France, around 10% of revenue is generated internationally.

Photo: Royal Unibrew

Investment manager's report continued

Danske Bank, which is fundamentally better positioned than the majority of European banks, detracted from returns as news headlines hit of Anti-Money Laundering scandals in their Estonian division. This led to reduced profitability in the financial year as management acted to donate all profits from this division. We opted to sell the position as guidance for future earnings was revised down.

Whilst the Company generally benefited from its consumer goods sector allocation over the year, relative returns were dented from not holding a large benchmark position in Nestlé. Nestlé realised strong returns over the period, in part fuelled by its 'bond like' characteristics which put the shares in high demand as both equity and fixed income markets exhibited a higher level of volatility. We recognise the strengths of the Nestlé investment case, with a resilient portfolio and some areas of attractive growth, such as pet food. However, in a highly concentrated portfolio which exhibits strong competition for capital, we have struggled to find a place for the shares over the last year, given its relative size in the index and the long-term conviction we have in the company's ability to deliver above-market levels of growth.

Within the Emerging portion of the portfolio, a position in Bezeq Telecoms detracted from performance. We entered the position in anticipation of a regulatory change that would allow the industry to improve returns and increase investment in the Israeli telecom infrastructure. A series of delays at the political level culminating in two elections has interrupted this reform and put increasing pressure on returns and share prices. We maintain the position into the September 2019 election in the hope that regulatory reform may yet bear fruit.

A holding in marine and energy exposed engine manufacturer Wartsila also detracted from returns over the year. We had held the business based on a supportive outlook for both their energy and marine services operations, which were meant to be complemented by re-acceleration of growth in its high margin aftermarket business. We decided to sell the position as it became increasingly clear clients in Europe were delaying investment decisions on power generation projects due to uncertainty introduced by wholesale changes to the energy mix. At the same time, the outlook for the marine side of the business deteriorated as slower trade led to customers pushing out maintenance or replacing high margin spare parts purchases with lower cost alternatives.

The shape of the portfolio did not change greatly over the twelve months to the end of August 2019. We continued to focus the portfolio on companies which offer a higher return on invested capital, strong management and good free cash flow conversion. As mentioned, we had used market volatility and stock set-backs to top up high conviction positioning, increasing our exposure to

Headquartered in Denmark, healthcare company Novo Nordisk employs more than 42,000 people in 79 countries and has more than ninety years of experience in diabetes care. Its oral GLP-1 product, in a sector that was traditionally injection-based, has the potential to become a market leader.

companies such as Safran, DSV, Adidas and Novo Nordisk, for example.

Overall, the Company's allocation to industrials fell during the year as we exited positions which were more sensitive to the economic cycle or were seeing deteriorating earnings and cash flow profiles, such as Wartsila, Schindler and Eiffage. The Company had zero exposure to oil & gas, having exited our position in Gazprom. We believe the traditional deep-water players within Europe continue to have limited attraction given the volatility of their earning streams, poor return profile and competitive disadvantage overall versus other oil producing regions, such as the Permian basin onshore US where the efficiency of extraction is better and associated cost lower.

We increased our exposure to consumer goods, adding to our positions in luxury goods companies Rémy Cointreau and Ferrari and initiating a new position in Royal Unibrew. We opted to exit Richemont, given the deteriorating outlook for the business based on underperformance of key portfolio brands resulting in growing inventory levels. We also exited our position in Unilever given reduced confidence in their ability to re-accelerate top-line growth and improve margins, while at the same time executing on targeted cost savings.

Within the health care sector our overall exposure was largely unchanged as we exited a position in Fresenius Medical Care, where the outlook for their US dialysis business was deteriorating and purchased a position in high quality diagnostic business DiaSorin. In the technology sector we bought a position in Amadeus, an IT provider for the global travel and tourism industry. We have always found the business model attractive but the valuation challenging at around 3.5% forward free cash flow yield. However, following the pullback (to circa 5% free cash flow yield) and with accelerating organic growth as new airlines are integrated on to the platform, we have added the company to the portfolio. The prospect of the company expanding into segments adjacent to its core expertise in airlines, particularly the hotel sector, is an exciting one and an area we have devoted considerable research time to.

At the end of the year, the Company had a higher allocation to technology, industrials, health care and consumer services when compared with the reference index. It held a lower weighting towards financials, utilities, oil & gas, consumer goods, telecommunications and basic materials.

Adidas was a notable contributor to performance. The sports and sports lifestyle giant manufactured more than 900 million products in 2018 and generated sales of almost €22 billion. Last November saw the opening of the brand's largest Asia-Pacific Flagship Store in Shanghai.

Investment manager's report continued

Outlook

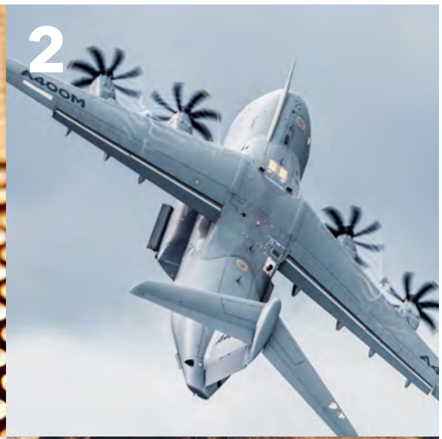
Looking forward, the global economic environment is clearly deteriorating in response to the uncertainty caused by US-Chinese relations. We believe this has created disruption within supply chains and potential delays to capital expenditure, but do not see structural imbalances in the economy at this point in time. Policy remains supportive in Europe and the consumer resilient with Eurozone retail sales growing 2.6% year-on-year to June. Second quarter earnings releases in 2019 have unveiled a slowdown in companies exposed to short-term activity within the industrial sector, however our portfolios are generally not exposed to these types of businesses. At present, we do not see contagion beyond this. Valuation dispersion within the market remains an investment debate, but we believe the prevailing environment and structural headwinds warrant 'cheap valuations' for some sectors. Our portfolio capital is positioned to where we see the best upside driven by fundamentals. Whilst markets can respond to statistical indicators in the near-term, at times causing sector rotation, we believe company fundamentals drive long-term performance. We continue to have a small pro-cyclical tilt in our portfolio, primarily expressed through late cycle industrials, such as aerospace stocks, and consumer exposed names, such as luxuries.

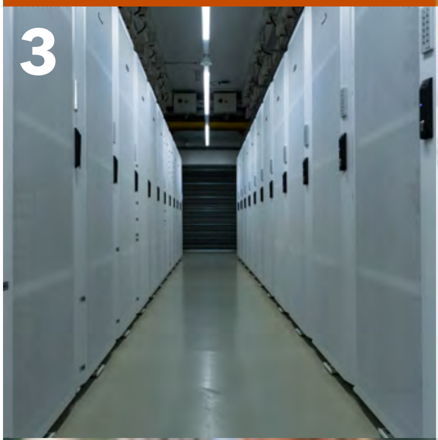
STEFAN GRIES AND SAM VECHT
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
22 October 2019

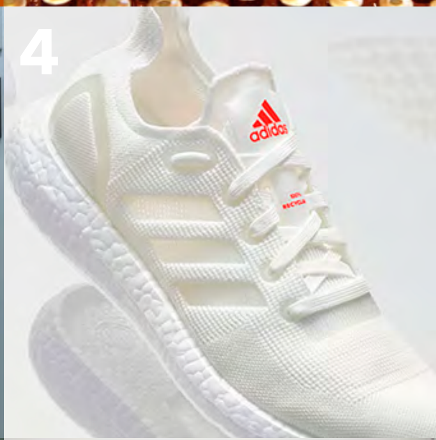
Portfolio

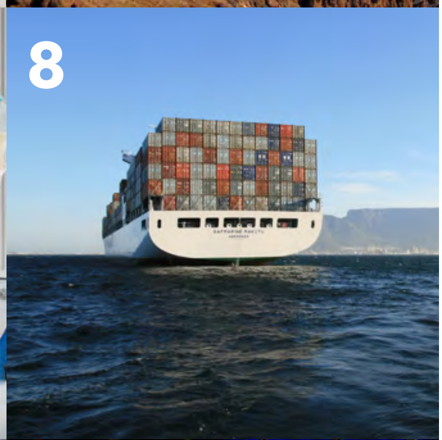
Within consumer goods, we added to our position in Rémy Cointreau. In 2019, the group's luxury cognacs are expected to account for 70% of total net sales of around €850 million, 86% of which will be evenly shared between Asia Pacific and the Americas.

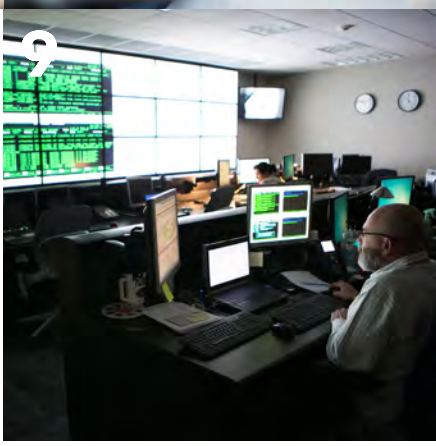
Ten largest investments

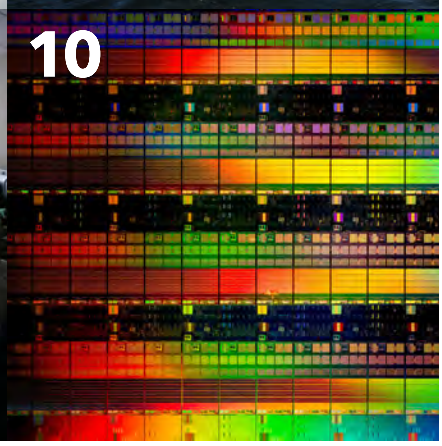












1 ▲ 2018 2nd

Novo Nordisk

Health Care

Market value	£	22,910,000
Share of investments	%	6.7

is a Danish multinational pharmaceutical company which is a leader in diabetes care. We believe the company offers attractive long-term growth potential at high returns and sector leading cash flow conversion with any excess cash being returned to shareholders.

2 ▲ 2018 3rd

Safran

Industrials

Market value	£	22,547,000
Share of investments	%	6.6

is a French multinational supplier of systems and equipment for aerospace, defence and security. We believe Safran is a structural winner within the European aerospace sector, with strong execution in its new LEAP engine and growing after-market servicing for previous engine models.

3 ▲ 2018 4th

SAP

Technology

Market value	£	20,079,000
Share of investments	%	5.9

is one of the leading global enterprise software providers. We believe this has created a platform for profitable, multi-year growth at high returns and a more stable revenue profile from subscription based contracts.

4 ▲ 2018 35th

Adidas

Consumer Goods

Market value	£	17,660,000
Share of investments	%	5.2

is a global sportswear manufacturer based in Germany. Having been underrepresented in key sportswear markets, their strategy to increase penetration in China, North America and e-commerce we believe underpins a long-term opportunity for growth and improving returns.

5 – 2018 5th

Sika

Industrials

Market value	£	17,617,000
Share of investments	%	5.2

is a speciality chemical company with a leading position in both the building sector and automotive industry. Sika has proprietary technology within adhesives, which has an increasing array of applications as technology advances. The company has a growing addressable market, which helps drive attractive organic growth rates.

6 ▲ 2018 n/a

Royal Unibrew

Consumer Goods

Market value	£	16,861,000
Share of investments	%	4.9

is a brewing and beverage company based in Denmark. The company operates in consolidated markets, driving growth by acquisition, partnerships and innovation. A decentralised organisational structure allows for on-the-ground managers to respond to trends for products, brands and packaging, as well as capital allocation decisions to support the realisation of clearly defined strategic and financial targets.

7 ▼ 2018 1st

Lonza Group

Health Care

Market value	£	16,460,000
Share of investments	%	4.8

is a Swiss biotechnology and speciality chemicals company. Through its Pharma & Biotech division, Lonza is one of the leading players in contract development and manufacturing of high-end drugs. We believe the company offers attractive growth, which should ultimately be less dependent upon the general economic cycle, given their large and diversified biopharma and speciality chemicals client base.

8 ▲ 2018 10th

DSV

Industrials

Market value	£	16,325,000
Share of investments	%	4.8

is a Danish freight forwarding company with a strong acquisitive history. Their success in making acquisitions has been facilitated by their strong IT platform which drives operational efficiencies leading to high conversion margins.

9 ▲ 2018 14th

RELX

Consumer Services

Market value	£	15,705,000
Share of investments	%	4.6

is a multinational information and analytics company which has high barriers to entry in most of its divisions, including scientific publishing. The capital light business model allows for a high rate of cash flow conversion with repeatable revenues built on subscription models.

10 ▲ 2018 12th

ASML

Technology

Market value	£	14,142,000
Share of investments	%	4.1

is a Dutch company which specialises in the supply of photolithography systems for the semiconductor industry. The company is at the forefront of technological change and invests in leading research and development to capture the structural growth opportunity supported by growth in mobile devices and microchip components.

All percentages reflect the value of the holding as a percentage of total investments.
Percentages in brackets represent the value of the holding as at 31 August 2019.
Together, the ten largest investments represent 52.8% of the Company's portfolio (31 August 2018: 41.1%).

Investments

as at 31 August 2019

	Country of operation	Market value £'000	% of investments
Industrials			
Safran	France	22,547	6.6
Sika	Switzerland	17,617	5.2
DSV	Denmark	16,325	4.8
Vinci	France	9,993	2.9
Thales	France	9,603	2.8
Assa Abloy	Sweden	7,051	2.1
Kingspan	Ireland	5,702	1.7
		88,838	**26.1**
Health Care			
Novo Nordisk	Denmark	22,910	6.7
Lonza Group	Switzerland	16,460	4.8
Straumann Holding	Switzerland	9,189	2.7
Grifols	Spain	8,107	2.4
DiaSorin	Italy	7,189	2.1
Chr. Hansen	Denmark	3,582	1.1
Stratec Biomedical Systems	Germany	3,444	1.0
		70,881	**20.8**
Technology			
SAP	Germany	20,079	5.9
ASML	Netherlands	14,142	4.1
Amadeus IT Group	Spain	10,253	3.0
Hexagon	Sweden	8,045	2.4
Infineon Technologies	Germany	5,138	1.5
		57,657	**16.9**
Consumer Goods			
Adidas	Germany	17,660	5.2
Royal Unibrew	Denmark	16,861	4.9
Ferrari	Italy	12,680	3.7
Rémy Cointreau	France	8,791	2.6
		55,992	**16.4**
Financials			
FinecoBank	Italy	7,430	2.2
Partners Group	Switzerland	7,059	2.1
Bank Pekao	Poland	6,569	1.9
KBC Groep	Belgium	4,933	1.5
Alpha Bank	Greece	3,158	0.9
		29,149	**8.6**

	Country of operation	Market value	% of investments
		£'000	
Consumer Services			
RELX	United Kingdom	15,705	4.6
Kering	France	5,174	1.5
		20,879	**6.1**
Basic Materials			
IMCD	Netherlands	7,101	2.1
Israel Chemicals	Israel	4,865	1.4
		11,966	**3.5**
Telecommunications			
Bezeq – Israeli Telecommunications	Israel	5,452	1.6
		5,452	**1.6**
Total investments		**340,814**	**100.0**

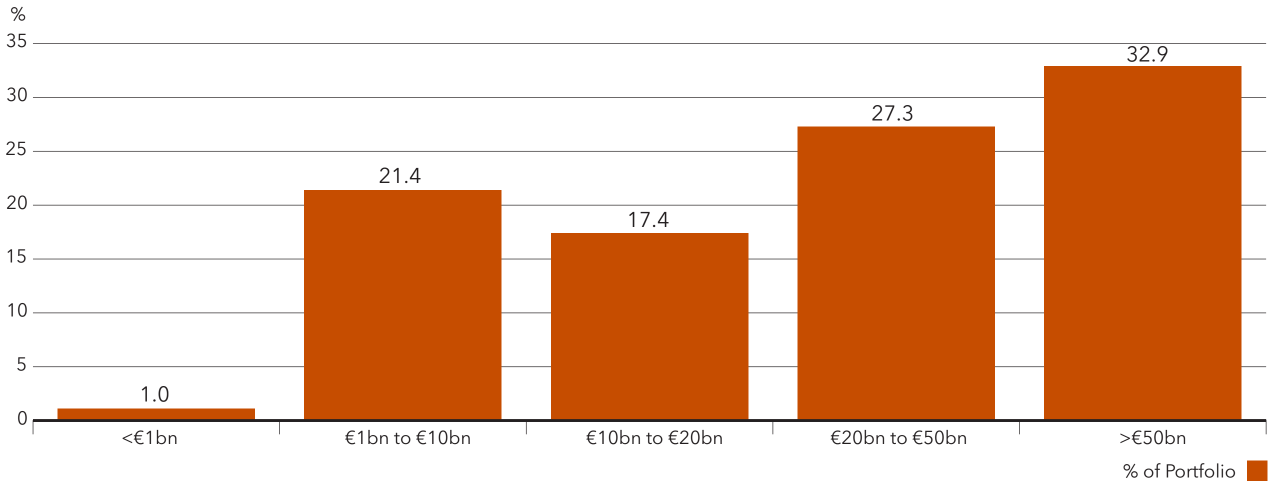
All investments are in ordinary shares unless otherwise stated. The total number of investments held at 31 August 2019 was 33 (31 August 2018: 41).

As at 31 August 2019, the Company did not hold any equity interests comprising more than 3% of any company's share capital.

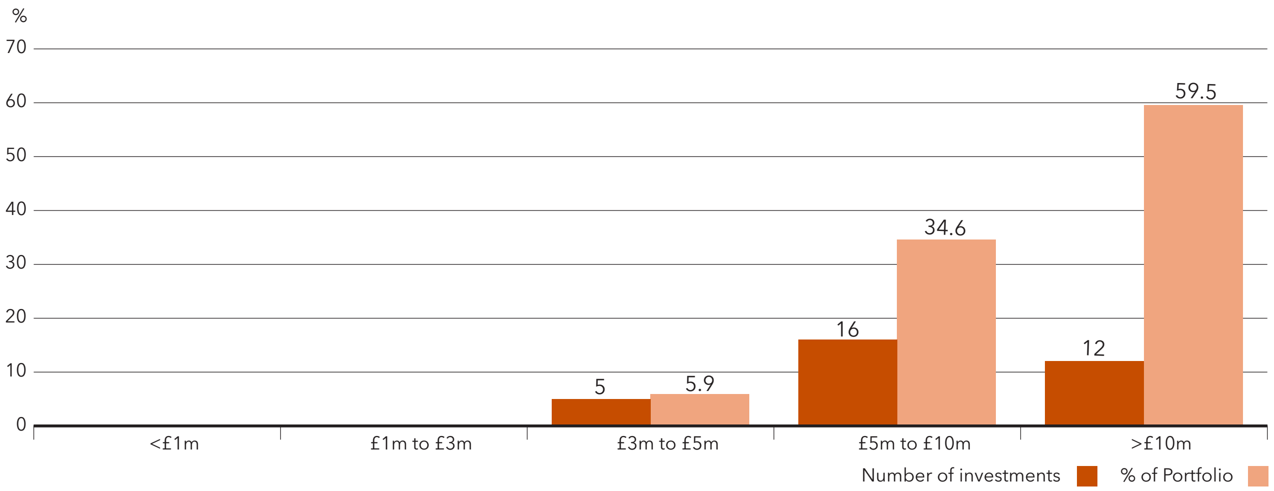
Investment exposure

as at 31 August 2019

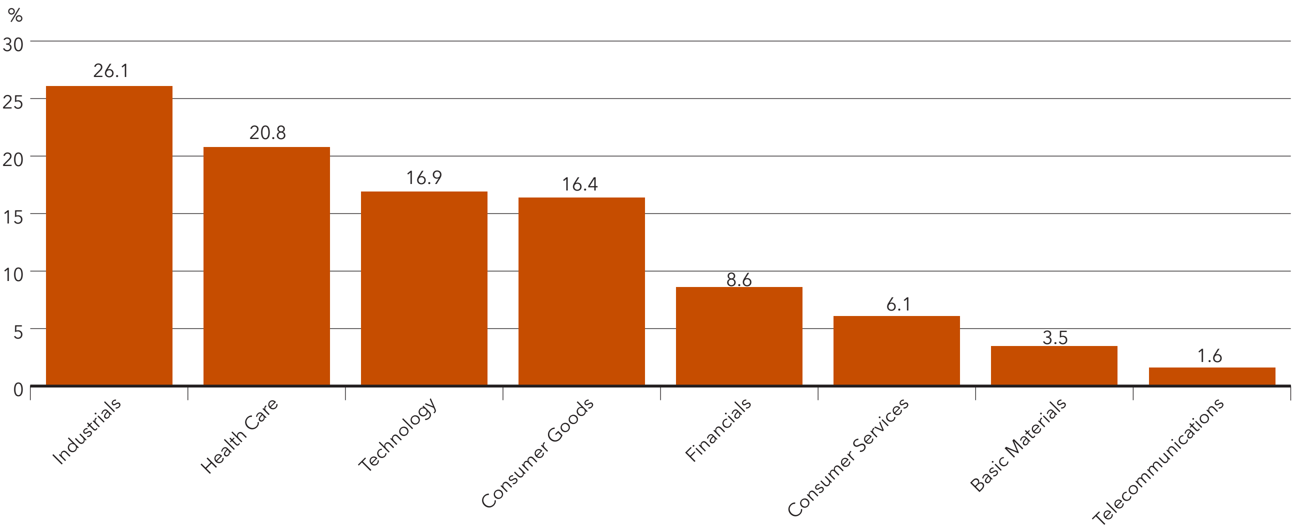
Market Capitalisation



Investment size



Distribution of Investments



Source: BlackRock.

Case study –

Investment opportunities in Denmark: power to the people

As active stock pickers in European equities we operate in a highly diversified region with over 2,000 investible companies. Whilst our universe is broad, our criteria are narrow; primarily we look for those companies that we believe have superior wealth creating abilities.

Something that has caught our interest is the concentration of high returning companies within a single specific country in Northern Europe. Despite its relatively small population of 5.8 million people, we find ourselves uncovering numerous companies in Denmark which have consistently created value for shareholders over the long term. This has led us to have a large overweight to companies listed within Denmark in recent years, not due to any structural view on the economy, but due to Denmark being home to what we believe are world leading, highly innovative companies which are dominating the respective industries within which they operate.

The clear question to this was why? Why would you find a whole army of management teams that exhibit strong capital discipline and a strict focus on returns which means investments are only undertaken if they further the value of their business in a meaningful way?

To uncover answers to these questions, we recently conducted a research trip to Copenhagen where we spent time with four management teams of companies that possess all the hallmarks described above. Our findings were revealing in a number of different ways. It comes as no surprise that a stable political system and access to world class education, research and talent were mentioned as important components for allowing innovative enterprises to flourish. However, going deeper into the actual workings of the individual businesses we detected several common features that speak to a 'Danish Management Style' which appears to be at the core of the question we were looking to address. Not only did the most successful businesses herald extremely flat organisational structures, the Danes seem to take their entrepreneurialism one step further by putting incentive structures in place that allow for completely decentralised decision making. To put this plainly, local management teams are paid for making the right long term and wealth creating decisions for the business as well as all its other stakeholders, including minority shareholders.

The only controls put in place by the centre are the metrics used to evaluate those local business managers. These typically consist of a combination of factors such as margins on new business, return on capital employed and cash-flow generation – a dream combination for any investor seeking companies with the potential for long-term value creation.

We believe this entrepreneurialism aided by a flat structure encourages employees to think like owners of the business, with a much greater focus on cost and capital allocation. Importantly, this culture is often led right from the top of the organisation, a point made clear to us recently by the CEO of a leading freight forwarding company, DSV. He placed himself in row twenty-seven, in economy class, during a recent business trip to Switzerland to seal the largest deal in the company's extremely successful history. We expect this deal to be strongly accretive to earnings over the next few years, with the potential for 2.2bn DKK of cost synergies in the near-term alone.

This deal will move the company to the number two player in the market globally. Freight forwarding is a highly fragmented industry with FIATA, the International Federation of Freight Forwarders Associations listing more than 40,000 forwarding and logistics firms as members. There is also limited consolidation within the top players; the top six forwarders account for roughly 33% of global revenues. In such an industry, the ability to make strong capital allocation decisions, investing both in platform technology and undertaking acquisitions to drive scale is paramount.

DSV has succeeded in this space through their ambitious acquisitive history. Having founded the company in 1976 in trucking, the company has expanded via a number of transformative deals into the most profitable air & sea forwarder in the industry. DSV has grown revenues at a compounded rate of 8.4% per annum over the last 13 years, one third of which from organic growth, where they are taking market share due to strong customer relationships and impressively twice that pace via successful acquisitions.

The secret to making these acquisitions a success has been DSV's superior technology platform and acute focus on cost. DSV have employed a policy of standardisation, allowing them to economise on both IT and labour costs to drive operational expenditure lower. Ultimately, freight forwarders are capital light, logistics businesses which should focus on execution. Execution can be measured by a metric called the conversion margin, i.e. how much of revenue they are able to convert into profitability. At over 40% in their Air & Sea division, DSV stands as an industry leader in this sense.

The discipline on cost and execution throughout the business given its decentralised structure is evident, particularly post onboarding acquired companies, such as UTI in 2016 where volumes were taken on at negative margins. Management employ a policy of centralised decision-making pre-merger and decentralised accountability during the integration. Individual countries and divisions are held accountable for preparing business cases, executing on these and delivering synergies from the deals. It was clear from meeting the CEO that information flows up the organisation. We believe the

Case study –

Investment opportunities in Denmark: power to the people continued

stability of management and ingrained culture will allow for the most recent deal with Panalpina to replicate this success.

Another equally impressive company we met on this trip which upholds the 'Danish Management Style' was Royal Unibrew. Management has been instrumental to the success of this company post financial crisis, changing both the shape of the portfolio, away from beer and toward soft drinks, as well as the culture of the company, again prioritising one of decentralised, faster, more effective decision making. In an industry which is shaped by changing consumer preferences, at ever faster velocities through time thanks in large part to social media, Royal Unibrew values de-centralisation in bringing them closer to the customer. This allows local management to identify trends for products, brands and packaging and to react quickly to capitalise on this.

What we found striking about capital allocation decisions and purchasing of new brands in new markets was the clarity management possessed around potential return on each of these investments. They were able to articulate clearly the return on investment capital (ROIC) expected on each investment, and the time frame (typically relatively short) within which this would happen. This is juxtaposed by many management teams we meet across Europe who often rely on synergy targets projected into the distant future for making apparently 'strategic deals' value accretive. Royal Unibrew's target for all investments in new brands and products is to deliver a double digit ROIC within 24 months.

One of the most impressive of Unibrew's acquisitions has been that of Hartwall, acquired from Heineken in 2013. The deal was strategic to the extent it reduced the group's reliance on beer and increased the geographic reach and scale of the group, but crucially it also provided opportunities for management to show the potential of its own operating model. Union agreements were renegotiated, administrative headcount reduced, utilisation rates increased and inventory days brought down to improve capital efficiency. By 2015, just under three years post acquisition, earnings per share had grown by 87%, with higher margins and higher returns. Going forward we expect the group to continue to invest in its core brands, as well as develop new offerings, always focusing on achieving double digit returns on their invested capital.

Additional to the management and business culture, it appears no coincidence that many of the groups we identified here have stable and large shareholder bases which include foundations. This provides the business the freedom to take those long-term investment decisions.

With all of this in mind, it should come as no surprise that we have run overweight allocations to Denmark for a number of years within our portfolios, reflecting the opportunity set apparent as opposed to a structural view on the Danish economy. As long-term investors, we believe putting our clients' capital to work with a group of managers that can only be described as extremely hard working, humble, disciplined and most importantly possess real entrepreneurial flair, will give us the best opportunity to grow that capital through time.

Governance

Travel technology specialist Amadeus is ranked by Forbes as one of the world's top ten technology companies. The prospect of expansion within sectors such as hotels is an area we have heavily researched and one of the reasons behind our purchase of a position in the company.

Governance structure

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

The Board

5 full scheduled meetings per annum

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

Chairman: Eric Sanderson (since November 2016)

Objectives:

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

Audit and Management Engagement Committee

2 scheduled meetings per annum

Membership: All NEDs

Chairman: Peter Baxter (since November 2016)

Key objectives:

- To oversee financial reporting and the adequacy of the control environment;
- To review and form an opinion on the effectiveness of the external audit process;
- To review the performance of the Manager and Investment Manager; and
- To review other service providers.

Nomination Committee

1 scheduled meeting per annum

Membership: All NEDs

Key objectives:

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

Directors' biographies

Eric Sanderson

Chairman (since November 2016)

Appointed as a Director April 2013

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

Attendance record:

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

Peter Baxter

Audit and Management Engagement Committee Chairman (since November 2016)

Appointed as a Director April 2015

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

Attendance record:

Board: 4/5
Audit and Management Engagement Committee: 1/2

Directors' biographies continued

Davina Curling

Appointed December 2011

has over 25 years' experience of investment management and was managing director and head of Pan European Equities at Russell Investments. Prior to this she was head of European Equities at F&C, ISIS, Royal & SunAlliance and Nikko Capital Management (UK). She is also a non-executive director of Invesco Income Growth Trust plc and a member of the St James's Place Wealth Management Investment Committee. She has been appointed to the board of Henderson Opportunities Trust plc with effect from 1 November 2019.

Attendance record:

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

Paola Subacchi

Appointed July 2017

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

Attendance record:

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

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

Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 August 2019. The aim of the Strategic Report is to provide shareholders with the information to assess how the Directors have performed their duty to promote the success of the Company during the year under review.

Principal activity

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

Objective

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

Strategy, business model and objective

Strategy

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

Business model

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

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

The Manager delegates fund accounting services to the Investment Manager, which in turn sub-delegates these services to The Bank of New York Mellon (International) Limited. The Company delegates registration services to the Registrar, Computershare Investor Services PLC. Other service providers include the Depositary, The Bank of New York Mellon (International) Limited. Details of the contractual terms with these service providers are set out in the Directors' Report on page 31.

Investment policy

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

As at 31 August 2019, the Company held 33 investments and 1.9% of the portfolio was invested in developing Europe. The Company had no unquoted investments.

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

The Company also has the flexibility to invest up to 20% of the portfolio in debt securities, such as convertible bonds and corporate bonds. No bonds were held at 31 August 2019. The use of any derivative instruments such as financial futures, options and warrants and the entering into of stock lending arrangements will only be for the purposes of efficient portfolio management.

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

Strategic report continued

investment funds (save to the extent that such closed-ended investment funds have published investment policies to invest no more than 15% of their total assets in such other listed closed-ended investment funds).

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

The Investment Manager believes that appropriate use of gearing can add value over time. This gearing typically is in the form of an overdraft facility which can be repaid at any time. The level and benefit of any gearing is discussed and agreed regularly by the Board. The Investment Manager generally aims to be fully invested and it is anticipated that gearing will not exceed 15% of net asset value (NAV) at the time of drawdown of the relevant borrowings. At the balance sheet date the Company had net gearing of 0.7% (2018: 1.9%).

Investment process

The Investment Manager takes a bottom-up approach to investing, meaning companies are analysed on an individual basis upon a number of qualitative and quantitative measures. Research is comprehensive and collaborative, backed by a team of 21 European Equity analysts and a further seven Emerging European analysts who conduct over 1,200 company meetings a year.

Idea generation is the first step of the investment process and important in ensuring that there is a continuous flow of new ideas entering the team's proprietary research process. There is a structured approach to research, a dedicated research coordinator, and a formal research pipeline to ensure that efficient use is made of team resources and to prioritise research to take advantage of the most promising investment opportunities.

As part of their research, the analyst will conduct a thorough industry and company analysis using a range of valuation techniques depending on the company and sector. Time is spent analysing a company's market dynamics, revenue drivers, financial statements, valuations and risks to the central scenario. The team also seek to understand the factors that influence a share price, as well as what the market is anticipating or missing.

As part of the company analysis, the analyst completes a proprietary research template which has been designed to capture all data relevant to the investment case in a concise and consistent framework. This consistency drives focus on debate and discussion and helps to ensure the investment case is robust.

Research on each company belongs to the analyst; however, portfolio construction and investment decisions within the Company are entirely the responsibility of the Investment Manager. Primary investment criteria the Investment Manager looks for includes:

- Quality management
- Strong free cash flow conversion
- Options to invest in growth
- Unique aspects

We believe this focus on sustainable cash returns and unique franchises will help concentrate the portfolio towards the best ideas delivered by the European and Emerging European Equity teams and drive positive outcomes for our clients.

Performance

In the year to 31 August 2019, the Company's NAV per share returned 6.3% (compared with a return in the FTSE World Europe ex UK Index of 4.8%) and the share price returned 7.9% (all percentages calculated in sterling terms with dividends reinvested). The Investment Manager's Report on pages 6 to 10 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

Results and dividends

The results for the Company are set out in the Income Statement on page 58. The total profit for the year, after taxation, was £18,993,000 (2018: £34,784,000) which is reflected in the increase in the net asset value of the Company. The revenue return amounted to £4,160,000 (2018: £5,347,000) and relates to net revenue earnings from dividends received during the year after adjusting for expenses.

As explained in the Company's half yearly financial report, the Directors declared an interim dividend of 1.75p per share (2018: 1.75p). The Directors recommend the payment of a final dividend of 4.10p per share, making a total dividend of 5.85p per share (2018: 5.75p). Subject to approval at the forthcoming Annual General Meeting, the dividend will be paid on 10 December 2019 to shareholders on the register of members at the close of business on 1 November 2019.

Key performance indicators

A number of key performance indicators (KPIs) are used to monitor and assess the Company' success in achieving its objectives and to measure its progress and performance.

The principal KPIs are described below.

Performance

At each meeting, the Board reviews the performance of the portfolio, as well as the net asset value and share price for the Company and compares this against various companies and indices. The Company does not have a benchmark; however, the Board reviews performance in the context of the performance of the FTSE World Europe ex UK Index. The Company outperformed the index in the year ended 31 August 2019.

Share price discount to NAV per share

The Company publishes a NAV per share figure on a daily basis through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the Association of Investment Companies (AIC) formula. At each Board meeting, the Board monitors the level of the Company's discount to NAV and reviews the average discount/premium for the Company's relevant sector.

The Board considers the use of share buybacks and semi-annual tender offers to enhance shareholder value. At its regular meetings, it also undertakes reviews of marketing/investor relations and sales reports from the Manager and considers their effectiveness, as well as measures of investor sentiment.

Further details setting out how the discount or premium at which the Company's shares trade is calculated, is included in the Glossary on page 91.

Ongoing charges

The ongoing charges are based on actual costs incurred in the year as being the best estimate of future costs. The Board reviews the Company's ongoing charges and monitors expenses to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against peer group funds.

An analysis of the Company's costs, including the management fee, Directors' fees and general expenses, is submitted to each Board meeting. The management fee is reviewed at least annually. A definition setting out in detail how the operating charges ratio is calculated is included in the Glossary on page 92.

The table that follows sets out the key KPIs for the Company. These KPIs fall within the definition of 'Alternative Performance Measures' under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary on pages 91 to 93.

	As at 31 August 2019	As at 31 August 2018
Net asset value per share	399.52p	382.17p
Net asset value total return[1]	+6.3%	+11.8%
Share price	385.00p	363.00p
Share price total return[1]	+7.9%	+12.5%
Discount to net asset value[2]	3.6%	5.0%
	Year ended 31 August 2019	**Year ended 31 August 2018**
Revenue return per share	4.87p	5.95p
Ongoing charges[3]	1.08%	1.09%

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

[2] This is the difference between the share price and the NAV per share with debt at par. It is an indicator of the need for shares to be bought back or, in the event of a premium to NAV per share, issued.

[3] Ongoing charges represent the management fee and all other operating expenses, excluding finance costs, transaction costs and taxation, as a % of average shareholders' funds.

Principal risks

The Company is exposed to a variety of risks and uncertainties. The Board has put in place a robust process to identify, assess and monitor the principal risks. A core element of this process is the Company's risk register which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the controls established for mitigation. A residual risk rating is then calculated for each risk based on the outcome of the assessment.

The risk register is regularly reviewed and the risks reassessed. The risk environment in which the Company operates is also monitored and regularly appraised. New risks are also added to the register as they are identified which ensures that the document continues to be an effective risk management tool.

The risk register, its method of preparation and the operation of key controls in the Manager's and other third party service providers' systems of internal control, are reviewed on a regular basis by the Audit and Management Engagement Committee. In order to gain a more comprehensive understanding of the Manager's and other third party service providers' risk management processes and how these apply to the Company's business, BlackRock's internal audit department provides an annual presentation to the Audit Committee chairmen of the BlackRock investment trusts setting out the results of testing performed in relation to BlackRock's internal control processes. The Audit and Management Engagement Committee periodically receives and reviews internal control reports from BlackRock and the Company's custodian (The Bank of New York (International) Limited). The custodian is appointed by the Company's Depositary and does not have a direct contractual relationship with the Company.

Strategic report continued

The Board has undertaken a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Those principal risks have been described in the table below, together with how they are managed and mitigated. The Board will continue to assess these risks on an ongoing basis. In relation to the 2016 UK Corporate Governance Code, the Board is confident that the procedures that the Company has put in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the reporting period.

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

Principal Risk	Mitigation/Control
Counterparty	
The potential loss that the Company could incur if a counterparty is unable (or unwilling) to perform on its commitments.	Due diligence is undertaken before contracts are entered into and exposures are diversified across a number of counterparties. The Depositary is liable for restitution for the loss of financial instruments held in custody unless able to demonstrate the loss was a result of an event beyond its reasonable control.
Investment performance	
The returns achieved are reliant primarily upon the performance of the portfolio. The Board is responsible for: • setting the investment strategy to fulfil the Company's objective; and • monitoring the performance of the Investment Manager and the implementation of the investment strategy. An inappropriate investment policy may lead to: • underperformance compared to the reference index; • a reduction or permanent loss of capital; and • dissatisfied shareholders and reputational damage.	To manage this risk the Board: • regularly reviews the Company's investment mandate and long-term strategy; • has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on; • receives from the Investment Manager a regular explanation of stock selection decisions, portfolio exposure, gearing and any changes in gearing and the rationale for the composition of the investment portfolio; • monitors and maintains an adequate spread of investments in order to minimise the risks associated with particular countries or factors specific to particular sectors, based on the diversification requirements inherent in the investment policy; • receives and reviews regular reports showing an analysis of the Company's performance against the FTSE World Europe ex UK Index and other similar indices; and • has been assured that the Investment Manager has training and development programmes in place for its employees and its recruitment and remuneration packages are developed in order to retain key staff.

Principal Risk	Mitigation/Control
Legal & Regulatory Compliance	
The Company has been approved by HM Revenue & Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions, and operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio. Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings, or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010. Amongst other relevant laws, the Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers' Directive, the UK Listing Rules, Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, the Bribery Act 2010, Criminal Finances Act 2017 and General Data Protection Regulation 2018.	The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of proposed dividends to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached. The results are reported to the Board at each meeting. Compliance with the accounting rules affecting investment trusts are also carefully and regularly monitored. The Company Secretary, Manager and the Company's professional advisers provide regular reports to the Board in respect of compliance with all applicable rules and regulations. The Board and the Manager also monitor changes in government policy and legislation which may have an impact on the Company. Following authorisation under the Alternative Investment Fund Managers' Directive (AIFMD), the Company and its Alternative Investment Fund Manager (AIFM) are subject to the risks that the requirements of the Directive are not correctly complied with. The Board and the AIFM monitor changes in government policy and legislation which may have an impact on the Company. The Market Abuse Regulation came into force across the European Union on 3 July 2016. The Board has taken steps to ensure that individual Directors (and their Persons Closely Associated) are aware of their obligations under the regulation and has updated internal processes, where necessary, to ensure the risk of non-compliance is effectively mitigated.
Market	
Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through realising investments in the face of negative market movements. Changes in general economic and market conditions, such as currency exchange rates, interest rates, rates of inflation, industry conditions, tax laws, political events and trends, including the impact of the UK leaving the EU, can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price. The Brexit risk is currently considered to be elevated due to continuing uncertainty about the political and regulatory outlook.	The Board considers the diversification of the portfolio, asset allocation, stock selection, and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager. While it is not possible to predict fully the impact Brexit will have on the Company and our markets, the Board and Manager continue to monitor external events to ensure that we are prepared for any short-term risks that could be faced in an immediate aftermath of a deal not being reached between the UK and EU.

Strategic report continued

Principal Risk	Mitigation/Control
Operational	
In common with most other investment trust companies, the Company has no employees. The Company therefore relies on the services provided by third parties and is dependent on the control systems of the Manager and The Bank of New York Mellon (International) Limited (which acts as both Depositary, Custodian and Fund Accountant and which maintains the Company's assets, dealing procedures and accounting records). The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of these third party service providers. Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records (including cyber security risk) could prevent the accurate reporting and monitoring of the Company's financial position.	Due diligence is undertaken before contracts are entered into with third party service providers. Thereafter, the performance of the provider is subject to regular review and reported to the Board. Third party service providers, BlackRock and The Bank of New York Mellon, produce internal control reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants. These reports are provided to the Audit and Management Engagement Committee for review. The Committee would seek further representations from service providers if not satisfied with the effectiveness of their control environment . The Company's assets are subject to a strict liability regime and, in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control. The Board reviews the overall performance of the Manager, Investment Manager and all other third party service providers on a regular basis and compliance with the Investment Management Agreement annually.
Financial	
The Company's investment activities expose it to a variety of financial risks which include market risk, counterparty credit risk, liquidity risk and the valuation of financial instruments.	Details of these risks are disclosed in note 15 on pages 71 to 76, together with a summary of the policies for managing these risks.
Marketing	
Marketing efforts are inadequate or do not comply with relevant regulatory requirements. There is a failure to communicate adequately with shareholders or reach out to potential new shareholders resulting in reduced demand for the Company's shares and a widening of the discount.	The Board reviews marketing strategy and initiatives and the Manager is required to provide regular updates on progress. BlackRock has a dedicated investment trust sales team visiting both existing and potential clients on a regular basis. Data on client meetings and issues raised are provided to the Board on a regular basis. All investment trust marketing documents are subject to appropriate review and authorisation.

Viability statement

In accordance with provision C.2.2 of the 2016 UK Corporate Governance Code, the Directors have assessed the prospects of the Company for a period of three years. This is generally the investment holding period investors consider while investing in the European sector. In its assessment of the viability of the Company, the Directors have noted that:

- the Company invests predominantly in highly liquid, large listed companies so its assets are readily realisable;
- the Company has limited gearing and no concerns around facilities, headroom or covenants;
- the Company's forecasts for revenues, expenses and liabilities are relatively stable and it has largely fixed overheads which comprise a small percentage of net assets (1.08%); and
- the business model should remain attractive for much longer than three years, unless there is significant economic or regulatory change.

The Directors have also reviewed:

- the Company's principal risks and uncertainties as set out above;
- the ongoing relevance of the Company's investment objective, business model and investment policy in the current environment; and
- the level of demand for the Company's shares.

The Directors reviewed the assumptions and considerations underpinning the Company's existing going concern assertion which are based on:

- processes for monitoring costs;
- key financial ratios;
- evaluation of risk management controls;
- compliance with the investment objective;
- portfolio risk profile;
- share price discount;
- gearing; and
- counterparty exposure and liquidity risk.

Based on the results of their analysis, the Directors have concluded that there is a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due over the period of their assessment.

Future prospects

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

Employees, social, community and human rights issues

As an investment trust with no employees, the Company has no direct social or community responsibilities or impact on the environment. However, the Company believes that it is in shareholders' interests to consider human rights issues and environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on pages 43 and 44.

Modern slavery act

As an investment vehicle the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Directors, gender representation and employees

The Directors of the Company on 31 August 2019, all of whom held office throughout the year, are set out in the Directors' Biographies on pages 21 and 22. The Board consists of two male Directors and two female Directors. The Company's policy on diversity is set out on page 41. The Company does not have any employees; therefore there are no disclosures to be made in that respect.

The Chairman's Statement together with the Investment Manager's Report form part of this Strategic Report. The Strategic Report was approved by the Board at its meeting on 22 October 2019.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
22 October 2019

Directors' report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 August 2019.

Status of the Company

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

The Company is domiciled in the UK as an investment company within the meaning of section 833 of the Companies Act 2006. It is not a close company and has no employees.

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of the Alternative Investment Fund Managers' Directive (AIFMD). The Company is governed by the provisions of the European Union (Alternative Investment Fund Managers) Regulations 2013 (the Regulations) and is required to be authorised by the Financial Conduct Authority (FCA). It must comply with a number of obligations, including the appointment of an Alternative Investment Fund Manager (AIFM) and a depositary to carry out certain functions. The AIFM must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the FCA. Further details are set out on the Company's website at blackrock.co.uk/brge, the Regulatory Disclosures section on pages 85 and 86, and in the notes to the financial statements on pages 71 to 76.

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

Facilitating retail investments

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

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

The common reporting standard

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

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

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

GDPR

Data protection rights were harmonised across the European Union following the implementation of the General Data Protection Regulation (GDPR) on 25 May 2018. The Board has sought and received assurances from its third party service providers that they have taken appropriate steps to ensure compliance with the regulation. The Company's 'Data Privacy Policy' can be found on the Company's website at www.blackrock.co.uk/brge.

Shareholder Rights Directive II

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

Dividends

Details of dividends paid and payable in respect of the year are set out in the Chairman's Statement on page 4 and in note 8 on page 67.

Investment management and administration

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014, having been authorised as an AIFM by the FCA on 1 May 2014. The management contract is terminable by either party on six months' notice. Under the agreement, the Board continues to be independent from the AIFM. The agreement provides the appropriate balance between the Board's control over the Company, its investment policies and compliance with regulatory obligations.

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

The Company contributes to a focused investment trust sales and marketing initiative operated by BIM (UK) on behalf of the investment trusts under its management. The Company's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represents a budget of up to 0.025% per annum of its net assets (£275.1 million) as at 31 December 2018 and this contribution is matched by BIM (UK). In addition, a budget of a further £15,000 has been allocated for Company specific sales and marketing activity. Total fees paid or payable for these services for the year ended 31 August 2019 amounted to £103,000 (excluding VAT) (2018: £99,000). The purpose of the programme overall is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefit of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

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

Appointment of the manager

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

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

Depositary and custodian

The Company is required under the AIFMD to appoint an AIFMD compliant depositary. The Company appointed BNY Mellon Trust & Depositary (UK) Limited (BNYMTD) in this role effective from 2 July 2014. With effect from 1 November 2017, the role of the Depositary was transferred from BNYMTD to its parent company, The Bank of New York Mellon (International) Limited (BNYM or the Depositary).

The Depositary's duties and responsibilities are outlined in the investment fund legislation (as defined in the FCA AIF Rulebook). The main role of the Depositary under the AIFMD is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. The Depositary received a fee payable at 0.0115% per annum of the net assets of the Company, which reduced to 0.0095% per annum with effect from 1 January 2019. The Company has appointed the Depositary in a tripartite agreement to which BFM as AIFM is also a signatory. The Depositary is also liable for the loss of financial instruments held in custody.

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

Registrar

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

The Registrar receives a fixed fee each year, plus disbursements and VAT for the maintenance of the register. The fixed fee applies for the three years commencing 1 July 2017. Fees in respect of corporate actions and other services are negotiated on an arising basis.

Directors' report continued

Change of control

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

Exercise of voting rights in investee companies

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

BlackRock's global corporate governance and engagement principles are published on the website https://www.blackrock.com/corporate/about-us/investment-stewardship#our-responsibility. The principles set out BlackRock's views on the overarching features of corporate governance that apply in all markets. For each region, BlackRock also publishes market-specific policies, which are updated every year to ensure that they remain relevant.

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

During the year under review, the Investment Manager voted on 656 proposals at 42 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well run companies, but voted against 76 (11.6%) resolutions and abstained from voting on 9 (1.4%) resolutions. Most of the votes against were in respect of resolutions relating to directors' remuneration, or to elect or remove directors and to approve the issuance of equity, which were deemed by the Investment Manager as not being in the best interests of shareholders.

Principal risks

The key risks faced by the Company are set out in the Strategic Report on pages 26 to 28.

Going concern

The financial statements of the Company have been prepared on a going concern basis. The forecast projections and actual performance are reviewed by the Board on a regular basis throughout the year.

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. For this reason, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements. The Company is able to meet all of its liabilities from its assets and income generated from these assets and the ongoing charges are 1.08% of net assets.

A statement on the longer term viability of the Company is considered in the viability statement on pages 28 and 29.

Directors

The Directors of the Company as at 31 August 2019 and their biographies are set out on pages 21 and 22. Details of their interests in the ordinary shares of the Company are set out in the Directors' Remuneration Report on page 39. All of the Directors held office throughout the year under review.

All appointments to the Board and re-elections of Directors are carried out in accordance with the Companies Act and the Company's Articles of Association. The Company's Articles of Association provide that one third of Directors retire by rotation each year and that each Director shall retire and offer himself/herself for re-election at intervals of no more than three years. The Board may also appoint Directors to the Board but any Director so appointed must stand for election by the shareholders at the next Annual General Meeting in accordance with the Articles of Association. Directors are required to retire if they have served more than nine years on the Board, but then may offer themselves for annual re-election.

Notwithstanding these requirements, the Board has resolved that all of the Directors should be subject to re-election on an annual basis. Accordingly, all of the Directors who held office throughout the year will offer themselves for re-election at the Annual General Meeting. The Board has considered the positions of the retiring Directors as part of the evaluation process and believes that it would be in the Company's best interests for the Directors to be proposed for re-election at the forthcoming Annual General Meeting, given their material level of contribution and commitment to the role.

Having considered the Directors' performance within the annual Board performance evaluation process, further details of which are provided on page 42, the Board believes that it continues to be effective and the Directors bring extensive knowledge and commercial experience and demonstrate a range of valuable business, financial and asset management skills. The Board therefore recommends that shareholders vote in favour of each Director's proposed re-election.

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

Directors' indemnity

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

Conflicts of interest

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

Directors' remuneration report

The Directors' Remuneration Report is set out on pages 36 to 39. An ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting.

Substantial share interests

No investor has declared a notifiable interest in the Company's voting rights.

Share capital

Full details of the Company's issued share capital are given in note 13 to the Financial Statements on page 70. Details of the voting rights in the Company's ordinary shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 90.

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights or the transfer of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company. At 31 August 2019, the Company's issued share capital was 84,713,101 ordinary shares, excluding 25,615,837 shares held in treasury.

Tender offers

The Directors exercised their discretion to operate the half yearly tender offer on 30 November 2018 and the Company offered to repurchase up to 20% of its issued ordinary shares (excluding treasury shares). The tender offer was undersubscribed with 1,036,590 ordinary shares (1.2% of the ordinary shares in issue excluding treasury shares) being tendered. The tender price calculated as at close of business on 30 November 2019, the calculation date, was 335.38p per share. All ordinary shares tendered were repurchased by the Company and placed in treasury at a cost of £3,501,000 including expenses.

On 25 March 2019 the Board announced that it would not be implementing the May semi-annual tender offer. Over the six months to 28 February 2019 the average discount to NAV (cum income) was 4.6% and the discount to NAV on a cum income basis (diluted for treasury shares) as at close of business on 22 March 2019 was 3.7%. It was also announced on 16 September 2019 that the Board had decided not to implement a semi-annual tender offer in November 2019. Over the six month period to 31 August 2019, the average discount to NAV (cum income) was 4.1% and the discount to NAV on a cum income basis (diluted for treasury shares) as at close of business on 13 September 2019 was 1.5%. The Board therefore concluded that it was not in the interests of shareholders as a whole to implement a semi-annual tender offer in either May or November 2019.

The current tender offer authority will expire on 31 January 2020 and the Directors are proposing that their authority to make further regular tender offers be renewed at the forthcoming Annual General Meeting.

Share repurchases

The Company has authority to purchase ordinary shares in the market to be held in treasury or for cancellation. In addition to the tender offer, during the year the Company bought back 710,000 ordinary shares at an average price of 354.90p and at an average discount of 4.6% for a total cost of £2,537,000 including expenses. Since the year end and up to the date of this report, a further 220,000 shares have been repurchased at an average price of 383.24p for a total cost of £843,000. All shares have been placed in treasury.

Directors' report continued

The latest buy back authority was granted to Directors on 6 December 2018 and expires at the conclusion of the Annual General Meeting on 5 December 2019. The Directors are proposing that their authority to buy back shares be renewed at the forthcoming Annual General Meeting.

Share issues

No ordinary shares were issued during the year. The Directors are proposing that their authority to issue new ordinary shares or sell shares from treasury be renewed at the forthcoming Annual General Meeting.

Treasury shares

At the 2018 Annual General Meeting the Company was authorised to repurchase ordinary shares into treasury for reissue or cancellation at a future date. Following the November 2018 tender offer, all ordinary shares tendered were placed in treasury. The 930,000 ordinary shares which have been repurchased in the market during the year and up to the date of this report have also been placed in treasury.

The Company currently has the authority to reissue its ordinary shares from treasury on a non-pre-emptive basis at a discount of no greater than 2% to the NAV per share. A resolution to renew this authority will again be put to shareholders at the forthcoming Annual General Meeting.

The Directors have the discretion to implement twice yearly tender offers, at which time the Company will not repurchase ordinary shares into treasury at a discount to NAV of less than 2% on the date of purchase. It has therefore been agreed that treasury shares will only be reissued at a lesser discount to that at which they were acquired in the tender offers and in addition at a price which is not less than the market bid price at the time of sale. This ensures that the combined purchase of shares into treasury and subsequent sale of shares out of treasury is NAV enhancing on the roundtrip. The Directors will still have the discretion to issue shares out of treasury at a price in excess of the NAV per share if it determines that this is in the interests of shareholders.

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

Global greenhouse gas emissions

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

Articles of association

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

Annual general meeting

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

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

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

Resolution 1 – Approval of the Annual Report and Financial Statements

This resolution seeks shareholder approval of the Annual Report and Financial Statements for the year ended 31 August 2019 and the auditor's report thereon.

Resolution 2 – Approval of the Directors' Remuneration Report

This resolution is an advisory vote on the Directors' Remuneration Report, excluding any content relating to the remuneration policy as set out in the policy table on page 37.

Resolution 3 – Approval of a final dividend

Resolution 3 seeks shareholder approval of a final dividend of 4.10 pence per share for the year ended 31 August 2019.

Resolutions 4 to 7 – Re-election of Directors

Resolutions 4, 5, 6 and 7 relate to the re-election of the Directors in accordance with the UK Corporate Governance Code. The Board has undertaken a formal performance evaluation during the year and confirms that the performance of the Directors standing for re-election continues to be effective and that each Director demonstrates commitment to their role.

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

These resolutions relate to the re-appointment and remuneration of the Company's auditor. The Company, through its Audit and Management Engagement Committee, has considered the independence and objectivity of the external auditor and are satisfied that the auditor remains independent. Further information in relation to the assessment of the auditor's independence can be found on page 49.

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

Resolution 10 – Authority to allot shares

The Directors may only allot shares for cash if authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to allot shares for cash up to an aggregate nominal amount of £8,449 which is equivalent to 8,449,310 ordinary shares of 0.1p each and represents 10% of the current issued ordinary share capital excluding treasury shares. The Directors will use this authority when it is in the best interests of the Company to issue shares for cash. This authority will expire at the conclusion of next year's Annual General Meeting, unless renewed prior to that date at an earlier general meeting.

Resolution 11 – Authority to disapply pre-emption rights

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

Resolution 11 empowers the Directors to (i) allot new shares for cash or; (ii) to sell shares held by the Company in treasury, in each case otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £8,449 which is equivalent to 8,449,310 ordinary shares of 0.1p each and represents 10% of the Company's issued ordinary share capital excluding treasury shares at the date of this notice. Unless renewed at a general meeting prior to such time, these authorities will expire at the conclusion of the Annual General Meeting of the Company to be held in 2020.

Resolution 12 – Authority to buy back ordinary shares

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

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

The Directors are seeking authority to purchase up to 12,665,515 ordinary shares (being 14.99% of the ordinary shares in issue at the date of this report) or, if less, 14.99% of the ordinary shares as at 5 December 2019. This authority, unless renewed at an earlier general meeting, will expire at the conclusion of next year's Annual General Meeting in 2020.

Resolutions 13 and 14 – Regular tender offers

Resolutions 13 and 14 seek shareholder approval to renew the authorities to operate the semi-annual tender offers in accordance with the terms and conditions of the Company's regular tender offers. The Directors are seeking authority to purchase up to a maximum of 20% of the ordinary shares in issue at each relevant tender offer date. The authorities, if renewed, will expire on 31 July 2020 and 31 January 2021.

Recommendation:

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

Corporate governance

Full details are given in the Corporate Governance Statement on pages 40 to 45. The Corporate Governance Statement forms part of this Directors' Report.

Audit information

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

Independent auditor

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

The Directors' Report was approved by the Board at its meeting on 22 October 2019.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
22 October 2019

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 31 August 2019 which has been prepared in accordance with sections 420-422 of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The Company's Directors' remuneration policy (which was last approved by the Company's shareholders on 29 November 2017) is contained within the Annual Report which is available at www.blackrock.co.uk/brge.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on pages 52 to 57.

Statement by the chairman

The key elements of the Board's policy on remuneration is set out in the policy table on page 37. A key element is that fees payable to Directors should reflect the time spent by them on the Company's affairs and should be sufficient to attract and retain individuals with suitable knowledge and experience.

Effective from 1 September 2019, the fees of the Chairman increased to £41,000, the Chairman of the Audit and Management Engagement Committee to £32,500 and for the other Directors to £28,000. Prior to this increase, the remuneration was last increased on 1 September 2018.

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

Remuneration committee

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

Remuneration policy

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

The review is performed on an annual basis. The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting this policy and there has been no employee consultation.

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

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

Directors' appointments do not have a fixed duration but they can be terminated by either party on giving six months' notice. Directors are also subject to re-election on an annual basis and, if not elected, their appointment ceases immediately. Apart from fees and benefits for the notice period (which may be paid in lieu), no payments for loss of office are made.

Consideration of shareholders' views

An ordinary resolution to approve the Remuneration Report is put to members at each Annual General Meeting and shareholders have the opportunity to express their views and raise any queries in respect of the remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy.

In accordance with the Companies Act 2006, the Company is required to obtain shareholder approval of its remuneration policy on a triennial basis. An ordinary resolution for the approval of the remuneration policy and the future policy table as set out on page 25 of the 2017 Annual Report was put to members at the 2017 Annual

General Meeting. It is the intention of the Board that the policy on remuneration will continue to apply for the next financial year.

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

Policy table

Purpose and link to strategy		Fees payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company's affairs and the level of complexity of responsibilities borne by the Directors.
Description		Current levels of fixed annual fee (effective from 1 September 2019): Chairman – £41,000 Audit and Management Engagement Committee Chairman – £32,500 Directors – £28,000 All reasonable expenses to be reimbursed. In accordance with the provisions of the Company's Articles of Association, the Directors are entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them in or about the performance of their duties as Directors, including any expenses incurred in attending meetings of the Board or Committees of the Board, Annual General Meetings or General Meetings.
Maximum levels		Remuneration consists of a fixed fee each year, set in accordance with the stated policies and as such there is no set maximum threshold; however, any increase granted must be in line with the stated policies. The Company's Articles of Association set an aggregate limit of £200,000 in respect of the remuneration that may be paid to Directors in any financial year. In addition, the Directors propose a limit of £20,000 per annum in relation to the maximum that may be paid in respect of taxable benefits. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.
Operation	Fixed fee element	The Board reviews the quantum of Directors' pay each year to ensure that this is in line with the level of Directors' remuneration for other investment trusts of a similar size. When making recommendations for any changes in fees, the Board will consider wider factors such as the average rate of inflation over the period since the previous review, and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements). Directors are not eligible to be compensated for loss of office, nor are they eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors do not have service contracts, but are appointed under letters of appointment.
Operation	Discretionary payments	The Company's Articles of Association authorise the payment of discretionary fees to Directors for any additional work undertaken on behalf of the Company which is outside of their normal duties. Any such work is subject to the prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to the prior approval of the Chairman of the Audit and Management Engagement Committee. The level of discretionary fees shall be determined by the Directors and will be subject to a maximum of £10,000 per annum per Director. Any discretionary fees paid will be disclosed in the Directors' remuneration implementation report within the Annual Report.
Operation	Taxable benefits	Taxable benefits comprise travel and subsistence expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered office in London, and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred.

Directors' remuneration report continued

Remuneration report

A single figure for the total remuneration of each Director is set out in the table below for the years ended 31 August 2019 and 31 August 2018:

Directors	2019 Fees £	2018 Fees £	2019 Taxable benefits* £	2018 Taxable benefits* £	2019 Total £	2018 Total £
Eric Sanderson (Chairman)	38,000	36,500	6,020	5,342	44,020	41,842
Peter Baxter (Chairman of the Audit and Management Engagement Committee)	31,000	30,000	–	–	31,000	30,000
Davina Curling	27,000	26,000	714	292	27,714	26,292
Paola Subacchi	27,000	26,000	–	–	27,000	26,000
Carol Ferguson[1]	n/a	6,500	n/a	–	n/a	6,500
Total	123,000	125,000	6,734	5,634	129,734	130,634

1 Retired as a Director on 29 November 2017.
* Taxable benefits relate to travel and subsistence costs.

The information in the above table has been audited.

The amounts paid by the Company to the Directors were for services as non-executive Directors. As at 31 August 2019, fees of £10,000 (2018: £10,000) were outstanding to Directors in respect of their annual fees. The Directors received no variable remuneration. No discretionary fees have been paid to Directors during the year or previous year and the payment of such fees is expected to be a rare occurrence, only necessary in exceptional circumstances.

Relative importance of spend on remuneration

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

	2019 £'000	2018 £'000	Change £'000
Directors' total remuneration	130	131	-1
Dividends paid and payable	4,952	5,012	-60
Buy back of ordinary shares	6,067	30,223	-24,156

Five year comparison

Over the last five years, Directors' pay has increased as set out in the table below:

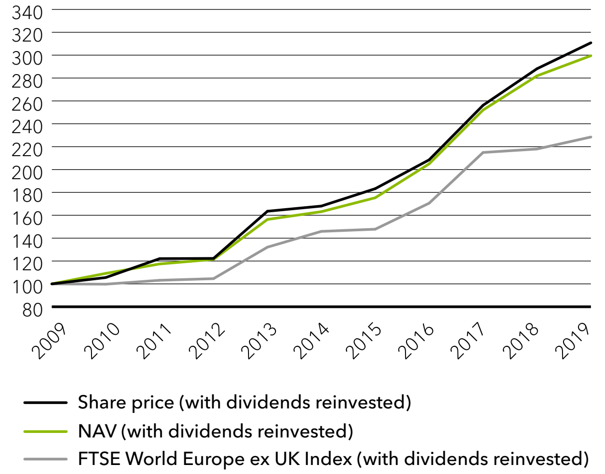
	2019 £	2014 £	Change
Chairman	38,000	33,000	+15.2%
Audit and Management Engagement Committee Chairman	31,000	27,500	+12.7%
Director	27,000	23,000	+17.4%

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

Performance

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

Performance from 1 September 2009 to 31 August 2019



Sources: BlackRock and Datastream.
Total return performance record in sterling terms, rebased to 100 at 1 September 2009.

Shareholdings

There is no requirement for Directors to hold shares in the Company. The interests of the Directors in the ordinary shares of the Company and those of their connected persons are set out in the table below. The Company does not have a share option scheme, therefore none of the Directors has an interest in share options.

	31 August 2019	31 August 2018
	Ordinary shares	Ordinary shares
Eric Sanderson	4,000	4,000
Peter Baxter	5,000	5,000
Davina Curling	–	–
Paola Subacchi	590	–

The information in the above table has been audited.

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

Retirement of directors

Further details are given in the Directors' Report on page 32. No payments for loss of office were made and no payments were made to former directors.

Shareholding voting

At the Company's previous Annual General Meeting held on 6 December 2018, 98.07% of votes cast (including votes cast at the Chairman's discretion) were in favour of the resolution to approve the Directors' Remuneration Report in respect of the year ended 31 August 2018 and 1.93% were against. 108,905 votes were withheld.

At the Company's Annual General Meeting held on 29 November 2017, 99.04% (including votes cast at the Chairman's discretion) were in favour of the resolution to approve the remuneration policy and 0.96% of votes cast were against. 134,115 votes were withheld.

Remuneration Committee

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

On behalf of the Board

ERIC SANDERSON
Chairman
22 October 2019

Corporate governance statement

Chairman's introduction

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

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

As a UK-listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the UK Code) issued by the Financial Reporting Council in April 2016. However, as listed investment trust companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance (the AIC Code) issued in July 2016, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

The UK Corporate Governance Code published in July 2018 and the AIC Code of Corporate Governance published in February 2019 apply to accounting periods beginning on or after 1 January 2019 and will therefore be effective for the Company's new financial year.

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

Compliance

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

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

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

The Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company with no executive employees and, in relation to the internal audit function, in view of BlackRock having an internal audit function. Further explanation is provided below.

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

Information on how the Company has applied the principles of the AIC Code and UK Code is set out below.

The Board

The Board currently consists of four non-executive Directors, all of whom are considered to be independent of the Company's Manager. The provision of the UK Code (A.2.1) which relates to the combination of the roles of the chairman and chief executive does not apply as the Company has no executive directors. The UK Code (A.4.1) recommends that the Board should appoint one of the independent non-executive directors to be the senior independent director. However, as the Board's structure is relatively simple, with no executive directors and just four non-executive directors, the Board does not consider it necessary to nominate a senior independent director.

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

Board structure and management

Details of the Board's structure, roles and responsibilities and management are set out in the summary of Governance Structure on page 20. The Directors' biographies on pages 21 and 22 demonstrate a breadth of investment, commercial, accounting, financial and professional experience which enables them to provide effective strategic leadership and proper governance of the Company. Details of the Chairman's other significant time commitments can also be found on page 21.

The Company does not have a chief executive as day-to-day management of the Company's affairs is delegated to the Manager as AIFM, with investment management and other ancillary services delegated to the Investment Manager. Representatives of the Manager, Investment Manager and Company Secretary attend each Board meeting. The Board, the AIFM, the Investment Manager and the Company Secretary operate in a supportive and co-operative manner.

Board independence and tenure

The Board's individual independence, including that of the Chairman, has been considered and confirmed and this independence allows all of the Directors to sit on the Company's various Committees. In line with the AIC Code of Corporate Governance published in February 2019 which applies to accounting periods beginning on or after 1 January 2019, it has been agreed that Mr Sanderson will continue to be a member of the Audit and Management Engagement Committee.

The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can add significantly to the strength of the Board. It is considered that there are no relationships or circumstances which are likely to affect the judgement of any Director.

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

Diversity

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

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are discussed in the Directors' Report on page 32. The Board has considered the position of each of the Directors as part of the evaluation process and believes it would be in the best interests of the Company for the Directors retiring to be proposed for re-election at the forthcoming Annual General Meeting given their material level of contribution and commitment to the Company.

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

Directors' induction, training and development

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

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

Directors' liability insurance

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

The Board's responsibilities

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

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

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

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

Corporate governance statement continued

Performance evaluation

A formal appraisal system has been agreed for the evaluation of the Board, its Committees and the individual Directors, including the Chairman. The annual evaluation for the year ended 31 August 2019 has been carried out. This took the form of written questionnaires followed by discussions to determine the effectiveness of the Board's activities. The Chairman also reviewed with each Director their individual performance, contribution and commitment. The performance of the Chairman was reviewed by the other Directors, led by Mr Baxter.

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

Delegation of responsibilities

The Board has delegated the following areas of responsibility:

Management and administration

The management of the investment portfolio and the administration of the Company have been contractually delegated to BlackRock Fund Managers Limited (BFM), as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)) (the Investment Manager). The contractual arrangements with BFM (the Manager) are summarised on pages 30 and 31.

The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company. The Board has final investment authority on unquoted investments.

The review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at each Board meeting. In addition, a formal review is undertaken annually, details of which are set out on page 31 of the Directors' Report.

The Investment Manager has delegated the portfolio valuation and fund accounting services to The Bank of New York Mellon (International) Limited. The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is The Bank of New York Mellon (International) Limited. The address at which this business is conducted is given on page 84.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager. Details of the Investment Manager's voting policy are set out on page 32.

Committees of the Board

Nomination Committee

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

Audit and Management Engagement Committee

A separately chaired Audit and Management Engagement Committee has been established and comprises the whole Board. Further details are given in the Report of the Audit and Management Engagement Committee on pages 46 to 49.

Remuneration Committee

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 36 to 39. As stated in the Directors' Remuneration Report, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

Internal controls

The Board is responsible for the internal controls of the Company and for reviewing their effectiveness, for ensuring that financial information published or used within the business is reliable and for regularly monitoring compliance with regulations governing the operation of investment trusts. The Board, through the Audit and Management Engagement Committee (the Committee), reviews the effectiveness of the internal control systems to identify, evaluate and manage the Company's significant risks. As part of that process, there are procedures designed to capture and evaluate any failings or weaknesses and should a case be categorised by the Board as significant, procedures exist to ensure that necessary action is taken to remedy the failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

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

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

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

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

Financial reporting

The Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements is set out on page 50, the Independent Auditor's Report on pages 52 to 57 and the statement of Going Concern on page 32.

Socially responsible investment

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

BlackRock defines ESG integration as the practice of incorporating material environmental, social, and governance (ESG) information into investment decisions in order to enhance risk-adjusted returns. Some of BlackRock's clients call this responsible investing - to BlackRock, integrating ESG information, or sustainability considerations, should be part of any robust investment process and means adapting research and core investment processes to account for additional sources of risk and return that are explained by ESG information. In alpha-seeking strategies, BlackRock can use ESG information when conducting research and due diligence on new investments, and again when monitoring investments in a portfolio. Of course, ESG information is not the sole consideration for investment decisions; instead, the firm's investment professionals assess a variety of economic and financial indicators, which can include ESG issues, to make investment decisions appropriate for clients' objectives. BlackRock's approach to ESG integration is to broaden the total amount of information its investment professionals consider in order to improve investment analysis, seeking to meet or exceed economic return and financial risk targets.

BlackRock is a signatory to the United Nations Principles on Responsible Investing and a member of both the Financial Accounting Standards Board (FASB) Task Force on Climate-Related Financial Disclosures and the Sustainability Accounting Standards Board (SASB). BlackRock was also represented on the 32 member, industry-led Financial Stability Task Force on Climate-related Financial Disclosures (TCFD). It is BlackRock's belief that enhanced, meaningful disclosures are an important step towards building understanding of

Corporate governance statement continued

the impact of climate risks on individual companies, sectors, and investment strategies. Given climate risk is a systemic issue, we believe disclosure standards should be developed and implemented at the market-level. We are therefore supportive of the need for greater transparency and disclosure on climate related issues.

The Manager is a Tier 1 signatory to the UK Stewardship Code, which, among other things, sets out the responsibilities of institutional shareholders in respect of investee companies. The Manager's compliance with the UK Stewardship Code is publicly available on the BlackRock website: https://www.blackrock.com/corporate/en-us/literature/fact-sheet/blk-responsible-investment-statementoncompliance-uk-stewardshipcode.pdf. The Manager's approach to Responsible Investment is detailed on the website at https://www.blackrock.com/corporate/about-us/investment-stewardship#about-us.

Bribery prevention policy

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

Criminal Finances Act 2017

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

Communication with shareholders

All shareholders have the opportunity to attend and vote at the Annual General Meeting. The Notice of Annual General Meeting which is sent out 20 working days in advance of the Meeting sets out the business of the Meeting which is explained in the Directors' Report on pages 34 and 35. Separate resolutions are proposed for substantive issues.

In addition, regular updates on performance are available to shareholders on the BlackRock website and the Portfolio Managers will review the Company's portfolio and performance at the Annual General Meeting, where the Chairman of the Board and the Chairman of the Audit and Management Engagement Committee and representatives of the Manager will be available to answer shareholders' queries. Proxy voting figures will be announced to shareholders at the Annual General Meeting and will be made available on the Manager's website shortly after the meeting. In accordance with provision E.2.2 of the UK Corporate Governance Code, when, in the opinion of the Board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board will explain, when announcing the results of voting, what actions it intends to take to understand the reasons behind the vote result.

The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programmes of institutional presentations made by the Investment Manager. The Board discusses with the Investment Manager at each Board meeting any feedback from meetings with shareholders and it also receives reports from its corporate broker. The Chairman and Directors are also available to meet with shareholders periodically without the Investment Manager being present. The Chairman may be contacted via the Company Secretary whose details are given on page 84. The dialogue with shareholders provides a two way forum for canvassing the views of shareholders and enabling the Board to become aware of any issues of concern, including those relating to performance, strategy and corporate governance.

There is a section within this report entitled 'Shareholder Information', on pages 79 to 81 which provides an overview of useful information available to shareholders. The Company's financial statements, regular factsheets and other information are also published on the Manager's website at blackrock.co.uk/brge. The work undertaken by the auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation (The Regulation)

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

Investors should be aware that the PRIIPs Regulation requires the AIFM, as PRIIPs manufacturer, to prepare a key information document (KID) in respect of the Company. This KID must be made available, free of charge, to EEA retail investors prior to them making any investment decision and have been published on

BlackRock's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

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

Disclosure guidance and transparency rules

Other information required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules has been placed in the Directors' Report on pages 30 to 35 because it is information which refers to events that have taken place during the course of the year.

By order of the Board

ERIC SANDERSON
Chairman
22 October 2019

Report of the audit and management engagement committee

As Chairman of the Company's Audit and Management Engagement Committee (the Committee) I am pleased to present the Committee's report to shareholders for the year ended 31 August 2019.

Composition

All of the Directors are members of the Committee. The Association of Investment Companies published its updated Code of Corporate Governance in February 2019. The Code applies to accounting periods commencing on or after 1 January 2019 and has been endorsed by the Financial Reporting Council. It states that the Chairman of the Board should not chair the Committee but can be a member if they were independent on appointment.

The Chairman of the Company is a member of the Committee to enable him to be kept fully informed of any issues which may arise. The Committee also benefits from his experience as a chartered accountant.

The Directors' biographies are given on pages 21 and 22 and the Board considers that at least one member of the Committee has competence in accounting and/or auditing and the Committee as a whole has competence relevant to the sector in which the Company operates.

Performance evaluation

Details of the evaluation of the Committee are set out in the Corporate Governance Statement on page 42.

Role and responsibilities

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

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

Internal controls, financial reporting and risk management systems

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

Narrative reporting

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

External audit

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

Management engagement

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

Third party service providers

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

Reporting responsibilities

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

Internal audit

- considering the need for an internal audit function, as set out in the Corporate Governance Statement on page 43.

The fees paid to the external auditor are set out in note 5 on page 65. An explanation of how auditor objectivity and independence is safeguarded is reported under 'Assessment of the effectiveness of the external audit process' on pages 48 and 49.

Whistleblowing policy

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

Internal audit

The Company does not have its own internal audit function, as all administration is delegated to the Manager. The Board considers that it is sufficient to rely on the internal audit function of BlackRock. The requirement for an internal audit function is kept under review.

Non-audit services

The Company's policy on non-audit services is set out in full in the Committee's terms of reference which are available on the Company's website at blackrock.co.uk/brge. In the years to 31 August 2019 and 31 August 2018, the auditor did not provide any non-audit services to the Company.

Significant issues considered regarding the annual report and financial statements

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

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

Report of the audit and management engagement committee continued

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

Auditor and audit tenure

The Committee reviews the performance of the auditor on an annual basis, taking into consideration the services and advice provided to the Company and the fees charged for these services. The last formal tender for audit services was conducted in October 2015 and Ernst & Young LLP (EY) was successful in retaining the audit. Mrs Susan Dawe has been the Company's audit partner since that date.

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

There are no contractual obligations that restrict the Company's choice of auditor. The Committee is mindful of the EU audit legislation which requires the rotation of long-serving auditors. The Company will be mandatorily required to change its auditors by no later than 2025.

Assessment of the effectiveness of the external audit process

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

- the quality of the audit engagement partner and the audit team;
- the expertise of the audit firm and the resources available to it;
- identification of areas of audit risk;
- planning, scope and execution of the audit;
- consideration of the appropriateness of the level of audit materiality adopted;
- the role of the Committee, the Manager and third party service providers in an effective audit process;
- communications by the auditor with the Committee;
- how the auditor supports the work of the Committee and how the audit contributes added value;

- policies and procedures to pre-approve and monitor non-audit services including gifts and hospitality;
- the independence and objectivity of the audit firm; and
- the quality of the formal audit report to shareholders.

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

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

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

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

Conclusions in respect of the annual report and financial statements

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

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

In addition to the work outlined above, the Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they are fair, balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities on page 50 in respect of the Annual Report and Financial Statements.

PETER BAXTER
Chairman
Audit and Management Engagement Committee
22 October 2019

Overview and performance
Portfolio
Governance
Financial statements
Additional information

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

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

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

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

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

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

Each of the Directors at the date of this report, whose names are listed on pages 21 and 22, confirm to the best of their knowledge that:

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

The 2016 UK Corporate Governance Code also requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee's Report on pages 46 to 49. As a result, the Board has concluded that the Annual Report for the year ended 31 August 2019, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

For and on behalf of the Board

ERIC SANDERSON
Chairman
22 October 2019

Financial statements

We purchased a position in Italian health care multinational Diasorin. The firm develops and produces in vitro diagnostics for hospitals and private laboratories and is a leader in the immunodiagnostics and molecular diagnostics markets.

Independent auditor's report

to the members of BlackRock Greater Europe Investment Trust plc

Opinion

We have audited the financial statements of BlackRock Greater Europe Investment Trust plc (the Company) for the year ended 31 August 2019 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 August 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 25 to 28 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on pages 25 and 26 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on pages 32 and 62 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on pages 28 and 29 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement. • Incorrect valuation and defective title to the investment portfolio.
Materiality	• Overall materiality of £3.38m (2018: £3.30m) which represents 1% (2018: 1%) of net assets.

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement (as described on page 48 in the Report of the Audit and Management Engagement Committee and as per the accounting policy set out on page 62). The total income from investments received for the year to 31 August 2019 was £5.93m (2018: £6.99m), consisting primarily of dividend income from overseas listed investments. The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or applying appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.	**We performed the following procedures:** We obtained an understanding of The Bank of New York Mellon (International) Limited (BNYM) and BlackRock Fund Managers Limited (the Manager) processes and controls around revenue recognition and classification of special dividends by reviewing their internal controls reports and performing our walkthrough procedures. For the classification of special dividends, we also evaluated the design and implementation of controls. We agreed a sample of dividends received as noted in the income report to the corresponding announcement made by the investee company. We recalculated the dividend income by multiplying the investment holdings at the XD date, traced from the accounting records, by the dividend per share as agreed to an external source. Where applicable, we also agreed the exchange rates to an external source. We traced a sample of dividends received to the bank statements. We agreed a sample of investee company dividend announcements from an independent data vendor to the income recorded by the Company to test completeness of the income recorded. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31 August 2019. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements, where possible, if paid post year end.	**What we reported to the Audit and Management Engagement Committee:** We have no issues to report to the Audit and Management Engagement Committee with respect to our procedures performed over the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement.

Independent auditor's report continued

Risk	Our response to the risk	Key observations communicated to the Audit and Management Engagement Committee
	We obtained the special dividends report, income report and the acquisition and disposal report produced by BNYM to identify special dividends received or accrued during the year, above our testing threshold. The Company received three special dividends amounting to £0.14m in total, all classified as revenue. We reviewed the underlying circumstances and motives for all special dividends and challenged and corroborated the classification as revenue.	
Incorrect valuation and defective title to the investment portfolio (as described on page 48 in the Report of the Audit and Management Engagement Committee and as per the accounting policy set out on page 63). The valuation of the portfolio is £340.81m (2018: £336.83m), consisting of listed equity investments. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and investment return. Incorrect asset pricing or a failure to maintain proper legal title of assets by the Company could have a significant impact on the portfolio valuation and, therefore, the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at the reporting date.	**We performed the following procedures:** We obtained an understanding of BNYM's process surrounding investment pricing by reviewing their internal control reports and performing our walkthrough procedures. For all investments in the portfolio, we compared the market prices and exchange rates applied to a relevant independent pricing vendor and recalculated the investment valuations as at the year-end. We reviewed the stale pricing report produced by BNYM to investigate any stale priced investments held as at the year end. We also assessed the liquidity of the investment portfolio through analysing the monthly average trading volume of the investments. We agreed the number of shares held for each security to confirmations of legal title received independently from the Company's Depositary and Custodian, The Bank of New York Mellon (International) Limited, as at 31 August 2019.	**What we reported to the Audit and Management Engagement Committee:** We have no issues to report to the Audit and Management Engagement Committee with respect to our procedures performed over the risk of incorrect valuation and defective title to the investment portfolio.

There have been no changes to the areas of key focus raised in the above risk table from the prior year.

An overview of the scope of our audit

Tailoring the scope

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

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £3.38m (2018: £3.30m), which is 1% (2018: 1%) of net assets. We believe net assets to be the most important financial metric on which shareholders would judge the performance of the Company.

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

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £2.54m (2018: £2.48m). We have set our performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we have also applied a separate testing threshold of £0.23m (2018: £0.28m) for the revenue column of the Income Statement, being 5% of the net profit on ordinary activities before taxation.

Reporting threshold

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

We agreed with the Audit and Management Engagement Committee that we would report to them all uncorrected audit differences in excess of £0.17m (2018: £0.17m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 50 and 78 to 94, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

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

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 50** – the statement given by the Directors that they consider the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

Independent auditor's report continued

- **Audit and Management Engagement Committee reporting set out on pages 46 to 49** – the section describing the work of the Audit and Management Engagement Committee does not appropriately address matters communicated by us to the Audit and Management Engagement Committee or;
- **Directors' statement of compliance with the UK Corporate Governance Code set out on pages 40 to 45** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements set out on page 50, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and section 1158 of the Corporation Tax Act 2010.

- We understood how BlackRock Greater Europe Investment Trust plc is complying with those frameworks through discussions with the Audit and Management Engagement Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.
- We have reviewed that the Company's control environment is adequate for the size and operating model of such a listed investment Company.

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

Other matters we are required to address

- We were appointed by the Company on 10 June 2004 to audit the financial statements for the period ending 31 October 2004 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 16 years, covering periods from our appointment through to the period ended 31 August 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit and Management Engagement Committee.

Use of our report

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

Susan Dawe (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
22 October 2019

Notes:

1. The maintenance and integrity of the BlackRock Greater Europe Investment Trust plc website is the responsibility of BlackRock; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income statement

for the year ended 31 August 2019

	Notes	Revenue 2019 £'000	Revenue 2018 £'000	Capital 2019 £'000	Capital 2018 £'000	Total 2019 £'000	Total 2018 £'000
Gains on investments held at fair value through profit or loss	10	–	–	17,320	31,646	17,320	31,646
(Losses)/gains on foreign exchange		–	–	(315)	100	(315)	100
Income from investments held at fair value through profit or loss	3	5,924	6,948	–	–	5,924	6,948
Other income	3	2	41	–	–	2	41
Total income		5,926	6,989	17,005	31,746	22,931	38,735
Expenses							
Investment management fee	4	(531)	(537)	(2,122)	(2,147)	(2,653)	(2,684)
Other operating expenses	5	(710)	(779)	(25)	(44)	(735)	(823)
Total operating expenses		(1,241)	(1,316)	(2,147)	(2,191)	(3,388)	(3,507)
Net profit on ordinary activities before finance costs and taxation		4,685	5,673	14,858	29,555	19,543	35,228
Finance costs	6	(40)	(51)	(25)	(118)	(65)	(169)
Net profit on ordinary activities before taxation		4,645	5,622	14,833	29,437	19,478	35,059
Taxation	7	(485)	(275)	–	–	(485)	(275)
Net profit on ordinary activities after taxation	9	4,160	5,347	14,833	29,437	18,993	34,784
Earnings per ordinary share (pence)	9	4.87	5.95	17.35	32.76	22.22	38.71

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

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

The notes on pages 62 to 77 form part of these financial statements.

Statement of changes in equity

for the year ended 31 August 2019

	Notes	Called up share capital	Share premium account	Capital redemption reserve	Special reserve	Capital reserves	Revenue reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
For the year ended 31 August 2019								
At 31 August 2018		110	–	130	54,869	264,422	10,888	330,419
Total comprehensive income:								
Net profit for the year		–	–	–	–	14,833	4,160	18,993
Transaction with owners, recorded directly to equity:								
Ordinary shares purchased into treasury	13	–	–	–	(2,520)	–	–	(2,520)
Tender offers into treasury	13	–	–	–	(3,477)	–	–	(3,477)
Share purchase and tender costs	13	–	–	–	(70)	–	–	(70)
Share purchase and tender costs written back		–	–	–	43	–	–	43
Dividends paid[1]	8	–	–	–	–	–	(4,946)	(4,946)
At 31 August 2019		110	–	130	48,845	279,255	10,102	338,442
For the year ended 31 August 2018								
At 31 August 2017		110	63,214	130	–	256,652	10,621	330,727
Total comprehensive income:								
Net profit for the year		–	–	–	–	29,437	5,347	34,784
Transaction with owners, recorded directly to equity:								
Cancellation of share premium account[2]		–	(63,214)	–	63,214	–	–	–
Ordinary shares purchased into treasury		–	–	–	(78)	–	–	(78)
Tender offers into treasury		–	–	–	(8,143)	(21,675)	–	(29,818)
Share purchase and tender costs		–	–	–	(124)	(203)	–	(327)
Tender cost accruals written back		–	–	–	–	211	–	211
Dividends paid[3]	8	–	–	–	–	–	(5,080)	(5,080)
At 31 August 2018		110	–	130	54,869	264,422	10,888	330,419

1 Interim dividend paid in respect of the year ended 31 August 2019 of 1.75p per share was declared on 1 May 2019 and paid on 31 May 2019. Final dividend paid in respect of the year ended 31 August 2018 of 4.00p per share was declared on 24 October 2018 and paid on 10 December 2018.

2 Share premium account cancelled pursuant to Court approval on 13 February 2018 and £63,214,000 was transferred to a special reserve.

3 Interim dividend paid in respect of the year ended 31 August 2018 of 1.75p per share was declared on 25 April 2018 and paid on 31 May 2018. Final dividend paid in respect of the year ended 31 August 2017 of 3.70p per share was declared on 23 October 2017 and paid on 8 December 2017.

The notes on pages 62 to 77 form part of these financial statements.

Balance sheet

as at 31 August 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	340,814	336,832
Current assets			
Debtors	11	1,702	1,635
Cash and cash equivalents		268	–
		1,970	1,635
Creditors – amounts falling due within one year			
Bank overdraft		(173)	(5,589)
Other creditors	12	(4,169)	(2,459)
		(4,342)	(8,048)
Net current liabilities		(2,372)	(6,413)
Net assets		338,442	330,419
Capital and reserves			
Called up share capital	13	110	110
Capital redemption reserve	14	130	130
Special reserve	14	48,845	54,869
Capital reserves	14	279,255	264,422
Revenue reserve	14	10,102	10,888
Total shareholders' funds		338,442	330,419
Net asset value per ordinary share (pence)	9	399.52	382.17

The financial statements on pages 58 to 77 were approved and authorised for issue by the Board of Directors on 22 October 2019 and signed on its behalf by Eric Sanderson, Chairman.

BlackRock Greater Europe Investment Trust plc

Registered in England, No. 5142459

The notes on pages 62 to 77 form part of these financial statements.

Statement of cash flows

for the year ended 31 August 2019

	Note	2019	2018
		£'000	£'000
Operating activities			
Net profit on ordinary activities before taxation		19,478	35,059
Add back finance costs		65	169
Gains on investments held at fair value through profit or loss		(17,320)	(31,646)
Losses/(gains) on foreign exchange		315	(100)
Sales of investments held at fair value through profit or loss		127,363	228,091
Purchase of investments held at fair value through profit or loss		(114,096)	(195,027)
Decrease in debtors		96	16
Increase/(decrease) in other creditors		1,825	(556)
Taxation on investment income		(383)	(1,349)
Interest paid		(65)	(169)
(Deduction)/refund of withholding taxes		(266)	804
Net cash generated from operating activities		17,012	35,292
Financing activities			
Ordinary shares purchased into treasury		(2,520)	(78)
Tender offers into treasury		(3,477)	(29,818)
Share purchase and tender costs		(70)	(257)
Dividends paid	8	(4,946)	(5,080)
Net cash used in financing activities		(11,013)	(35,233)
Increase in cash and cash equivalents		5,999	59
Cash and cash equivalents at the start of the year		(5,589)	(5,748)
Effect of foreign exchange rate changes		(315)	100
Cash and cash equivalents at the end of the year		95	(5,589)
Comprised of:			
Cash at bank		268	–
Bank overdraft		(173)	(5,589)
		95	(5,589)

The notes on pages 62 to 77 form part of these financial statements.

Notes to the financial statements

for the year ended 31 August 2019

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. Accounting policies

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

(a) Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the revised Statement of Recommended Practice – 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP) issued by the Association of Investment Companies (AIC) in November 2014 and updated in February 2018 and the provisions of the Companies Act 2006.

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

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance. The Directors do not believe that any accounting judgements or estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

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

(b) Presentation of Income Statement

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

(c) Segmental reporting

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

(d) Income

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

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

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

Deposit interest receivable is accounted for on an accruals basis.

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

(e) Expenses

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

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital. Details of transaction costs on the purchases and sales of investments are disclosed in note 10 on page 69; and
- the investment management fee has been allocated 80% to the capital column and 20% to the revenue column of the Income Statement in line with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

(f) Finance costs

Finance costs are accounted for on an effective yield method and on an accruals basis. Finance costs are allocated, insofar as they relate to the financing of the Company's investments, 80% to the capital column and 20% to the revenue column of the Income Statement, in line with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

(g) Taxation

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

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

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

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

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

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

The fair value hierarchy consists of the following three levels:

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

Level 2 – Valuation techniques using observable inputs.

Level 3 – Valuation techniques using significant unobservable inputs.

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

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

(k) Dividends payable
Under Section 32 of FRS 102, final dividends should not be accrued in the financial statements unless they have been approved by shareholders before the balance sheet date. Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they have been approved by shareholders and have become a liability of the Company. Interim dividends are only recognised in the financial statements in the period in which they are paid.

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

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

(n) Shares repurchased/tendered and held in treasury
The full cost of shares repurchased/tendered and held in treasury can be charged to either capital reserves or the special reserve.

Notes to the financial statements continued

3. Income

	2019 £'000	2018 £'000
Investment income:		
UK dividends	345	–
Overseas dividends	5,441	6,836
Overseas special dividends	138	112
	5,924	6,948
Other income:		
Bank interest	2	2
Interest on withholding tax reclaims	–	39
	2	41
Total	5,926	6,989

Dividends and interest received during the period amounted to £5,062,000 and £2,000 respectively (2018: £6,999,000 and £41,000).

No special dividends have been recognised in capital during the year (2018: nil).

4. Investment management fee

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	531	2,122	2,653	537	2,147	2,684

The investment management fee is levied quarterly, based on 0.85% per annum of net asset value on the last day of each month. The investment management fee is allocated 80% to capital reserves and 20% to the revenue reserve.

5. Other operating expenses

	2019 £'000	2018 £'000
Allocated to revenue:		
Broker fees	49	48
Custody fees	44	42
Depositary fees	41	44
Audit fees	29	26
Legal fees	30	84
Registrars' fees	80	81
Directors' emoluments	130	131
Marketing fees	103	99
Postage and printing fees	38	64
Tax agent fees	36	33
AIC fees	25	21
Professional fees	16	20
Other administration costs	89	86
	710	779
Allocated to capital:		
Custody transaction costs	25	44
	735	823
The Company's ongoing charges – calculated as a percentage of average shareholders' funds using operating expenses and excluding transaction costs, finance costs and taxation were:	1.08%	1.09%

6. Finance costs

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable – Bank overdraft	6	25	31	29	118	147
Interest payable – Cash funds	12	–	12	3	–	3
Interest accrued – Corporation tax	22	–	22	19	–	19
	40	25	65	51	118	169

Notes to the financial statements continued

7. Taxation

(a) Analysis of charge in year

	2019			2018		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Overseas tax suffered	485	–	485	705	–	705
French WHT recovered	–	–	–	(430)	–	(430)
Total taxation charge (note 7 (b))	485	–	485	275	–	275

(b) Factors affecting total tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a large company of 19.00% (2018: 19.00%). The differences are explained below.

	2019			2018		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Profit on ordinary activities before taxation	4,645	14,833	19,478	5,622	29,437	35,059
Profit on ordinary activities multiplied by standard rate of 19.00% (2018: 19.00%)	883	2,818	3,701	1,068	5,593	6,661
Effects of:						
Overseas tax suffered	485	–	485	705	–	705
French WHT recovered	–	–	–	(430)	–	(430)
Exchange gains not taxable	–	60	60	–	(19)	(19)
Overseas dividends not subject to tax	(1,001)	–	(1,001)	(1,247)	–	(1,247)
UK dividends not subject to tax	(66)	–	(66)	–	–	–
Movement in management expenses not utilised/recognised	183	403	586	185	408	593
Non-trade loan relationship deficit not utilised/recognised	9	5	14	6	22	28
Expense relief for overseas tax	(8)	–	(8)	(12)	–	(12)
Disallowed expenses	–	4	4	–	8	8
Capital gains not taxable	–	(3,290)	(3,290)	–	(6,012)	(6,012)
Total taxation charge (note 7(a))	485	–	485	275	–	275

At 31 August 2019 the Company had net surplus management expenses of £27.0 million (2018: £24.0 million) and a non-trade loan relationship deficit of £0.6 million (2018: £0.5 million) giving total unutilised losses of £27.6 million (2018: £24.5 million). A deferred tax asset has not been recognised in respect of these losses because the Company is not expected to generate taxable income in the future in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing expenses or loan relationship deficits. There was an unrecognised deferred tax asset of £4.7 million at the financial reporting date (2018: £4.2 million).

8. Dividends

Dividends paid on equity shares	Record date	Payment date	2019 £'000	2018 £'000
2017 Final dividend of 3.70p	3 November 2017	8 December 2017	–	3,526
2018 Interim dividend of 1.75p	4 May 2018	31 May 2018	–	1,554
2018 Final dividend of 4.00p	2 November 2018	10 December 2018	3,458	–
2019 Interim dividend of 1.75p	10 May 2019	31 May 2019	1,488	–
			4,946	5,080

The Directors have proposed a final dividend of 4.10p per share in respect of the year ended 31 August 2019. The dividend will be paid on 10 December 2019, subject to shareholders' approval on 5 December 2019, to shareholders on the Company's register on 1 November 2019. The proposed final dividend has not been included as a liability in these financial statements.

The total dividends payable in respect of the year which form the basis of determining retained income for the purpose of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amount proposed for the year ended 31 August 2019, meet the relevant requirements as set out in this legislation.

Dividends paid or proposed or declared on equity shares	2019 £'000	2018 £'000
Interim paid of 1.75p (2018: 1.75p)	1,488	1,554
Final proposed of 4.10p* (2018: 4.00p)	3,464	3,458
	4,952	5,012

* Based on 84,493,101 ordinary shares (excluding treasury shares) in issue on 22 October 2019.

All dividends paid or payable are distributed from the Company's revenue profits.

Notes to the financial statements continued

9. Earnings and net asset value per ordinary share

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

	2019	2018
Net revenue profit attributable to ordinary shareholders (£'000)	4,160	5,347
Net capital profit attributable to ordinary shareholders (£'000)	14,833	29,437
Total profit attributable to ordinary shareholders (£'000)	18,993	34,784
Total shareholders' funds (£'000)	338,442	330,419
Earnings per share		
The weighted average number of ordinary shares in issue during the year on which the earnings per ordinary share was calculated was:	85,459,456	89,850,956
The actual number of ordinary shares in issue at the end of the year on which the net asset value was calculated was:	84,713,101	86,459,691
Calculated on weighted average number of ordinary shares		
Revenue profit (pence)	4.87	5.95
Capital profit (pence)	17.35	32.76
Total (pence)	22.22	38.71

	2019	2018
Net asset value per share (pence)	399.52	382.17
Ordinary share price (pence)	385.00	363.00

There were no dilutive securities at the year end.

10. Investments held at fair value through profit or loss

	2019 £'000	2018 £'000
Valuation of listed investments at 31 August	340,814	336,832
Valuation brought forward	336,832	334,660
Investment holding gains	(60,923)	(61,596)
Opening cost of investments	275,909	273,064
Additions at cost	114,024	194,988
Disposals at cost	(126,375)	(192,143)
Cost carried forward	263,558	275,909
Closing investment holding gains	77,256	60,923
Closing valuation of equity investments	340,814	336,832

Transaction costs of £112,000 (2018: £228,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £43,000 (2018: £102,000). All transaction costs have been included within capital reserves.

Gains on investments held at fair value through profit or loss

	2019 £'000	2018 £'000
Realised gains on sales	987	32,319
Movement in investment holding gains	16,333	(673)
	17,320	31,646

11. Debtors

	2019 £'000	2018 £'000
Sales for future settlement	–	1
Prepayments and accrued income	122	218
Overseas tax recoverable	1,580	1,416
	1,702	1,635

12. Creditors – amounts falling due within one year

	2019 £'000	2018 £'000
Purchases for future settlement	–	72
Taxation payable	894	894
Other payables	364	138
Interest payable	267	245
Accrued expenditure	2,644	1,110
	4,169	2,459

Notes to the financial statements continued

13. Share capital

	Ordinary shares	Treasury shares	Total shares	Nominal value
	number	number	number	£'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 0.1p each				
At 31 August 2018	86,459,691	23,869,247	110,328,938	110
Shares repurchased and held in treasury	(710,000)	710,000	–	–
Shares bought back to treasury pursuant to tender offer	(1,036,590)	1,036,590	–	–
At 31 August 2019	84,713,101	25,615,837	110,328,938	110

During the year 710,000 ordinary shares were repurchased and held in treasury (2018: 25,000) for a total consideration, including expenses, of £2,537,000 (2018: £79,000). Additionally, during the year there was a tender offer (2018: two) and 1,036,590 shares were transferred to treasury (2018: 8,811,262) for a total consideration of £3,501,000 (2018: £30,144,000). The number of ordinary shares in issue at the year end was 110,328,938 (2018: 110,328,938) of which 25,615,837 were held in treasury (2018: 23,869,247). No treasury shares were issued or cancelled during the year (2018: nil).

14. Reserves

		Distributable reserves			
	Capital redemption reserve	Capital reserves (arising on investments sold)	Capital reserves (arising on revaluation of investments held)	Special reserve	Revenue reserve
	£'000	£'000	£'000	£'000	£'000
At 1 September 2018	130	203,498	60,924	54,869	10,888
Movement during the year:					
Ordinary shares purchased into treasury	–	–	–	(2,520)	–
Tender offers to treasury	–	–	–	(3,477)	–
Share purchase and tender costs	–	–	–	(70)	–
Share purchase and tender costs written back	–	–	–	43	–
Net profit for the year	–	(1,500)	16,333	–	4,160
Dividends paid during the year	–	–	–	–	(4,946)
At 31 August 2019	130	201,998	77,257	48,845	10,102

The capital redemption reserve is not distributable profits under the Companies Act 2006. The special reserve may be used as distributable profits for all purposes and, in particular, for the repurchase by the Company of its ordinary shares and for payment as dividends. In accordance with the Company's articles, net capital reserves may be distributed by way of the repurchase by the Company of its ordinary shares and for payment as dividends.

15. Risk management policies and procedures

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

Risk management framework

The following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM); however, as disclosed in the Corporate Governance Statement on pages 42 and 43 and in the Statement of Directors' Responsibilities on page 50, it is the ultimate responsibility of the Board to ensure that the Company's risks are appropriately monitored, and to the extent that elements of this are delegated to third party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of relevant agreements and taking appropriate action to the extent issues are identified.

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

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

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

Risk exposures

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

(a) Market risk

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

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

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than one day and a historical observation period of not less than two years (500 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period the Company will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk. It is noted that the use of VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR percentage amounts. These limitations and the nature of the VaR measure mean that the Company can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one day VaR as at 31 August 2019 and 31 August 2018 (based on a 99% confidence level) was 3.00% and 1.78%, respectively.

Notes to the financial statements continued

15. Risk management policies and procedures continued

(i) Market risk arising from foreign currency risk

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

The fair values of the Company's monetary items which have foreign currency exposure at 31 August 2019 and 31 August 2018 are shown below. Where the Company's equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2019 Euro £'000	2019 Swiss Franc £'000	2019 Other £'000	2018 Euro £'000	2018 Swiss Franc £'000	2018 Other £'000
Debtors (due from brokers, dividends and other income receivable)	502	735	448	662	578	376
Creditors	–	–	–	(72)	–	–
Cash and cash equivalents	268	–	–	–	–	–
Overdraft	–	–	–	(5,510)	–	–
Total foreign currency exposure on net monetary items	770	735	448	(4,920)	578	376
Investments at fair value through profit or loss that are equities	198,829	50,325	91,660	188,269	63,238	85,325
Total net foreign currency exposure	199,599	51,060	92,108	183,349	63,816	85,701

Concentration of exposure to foreign currency risks
An analysis of the Company's investment portfolio is shown on pages 14 and 15. At 31 August 2019 this shows that the portfolio had significant levels of investments in Europe. Accordingly, there is a concentration of exposure to Europe and equates to exposure to the economic conditions in Europe, though it is recognised that this aligns with the investment objective and policy adopted by the Company.

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

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

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

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

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

(ii) Market risk arising from interest rate risk

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

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

Interest rate exposure

The exposure at 31 August 2019 and 31 August 2018 of financial assets and liabilities to interest rate risk is shown by reference to:

- floating interest rates – when the interest rate is due to be re-set; and
- fixed interest rates – when the financial instrument is due for repayment.

	2019			2018		
	Within one year	More than one year	Total	Within one year	More than one year	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Exposure to floating interest rates:						
Cash and cash equivalents	268	–	268	–	–	–
Bank overdraft	(173)	–	(173)	(5,589)	–	(5,589)
Total exposure to interest rates	95	–	95	(5,589)	–	(5,589)

The Company does not have any fixed rate exposure at 31 August 2019 or 31 August 2018.

Management of interest rate risk

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

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

Interest received on cash balances, or paid on the bank overdraft respectively, is approximately 0.40% and 2.57% per annum (2018: 0.00% and 1.39% per annum).

(iii) Market risk arising from other price risk

Exposure to other price risk

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

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

The Company's exposure to other changes in market prices at 31 August 2019 on its equity investments was £340,814,000 (2018: £336,832,000).

(b) Counterparty credit risk

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

There were no past due or impaired assets at 31 August 2019 (31 August 2018: nil). The major counterparties engaged with the Company are all widely recognised and regulated entities.

Notes to the financial statements continued

15. Risk management policies and procedures continued

Depositary

The Company's Depositary is The Bank of New York Mellon (International) Limited (BNYM or the Depositary) (S&P long term credit rating as at 31 August 2019: AA- (31 August 2018: A)). All of the equity assets and cash of the Company are held within the custodial network of the global custodian appointed by the Depositary. Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to its investments held by the Depositary to be delayed or limited. The maximum exposure to this risk at 31 August 2019 is the total value of investments held with the Depositary and cash and cash equivalents in the Balance Sheet.

In accordance with the requirements of the depositary agreement, the Depositary is required to ensure that any agents it appoints to assist in safekeeping the assets of the Company will segregate the assets of the Company. Thus, in the event of insolvency or bankruptcy of the Depositary, the Company's non-cash assets are segregated and this reduces counterparty credit risk.

Counterparties/brokers

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

Counterparty credit risk also arises on transactions with a broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

Year	Total number of counterparties	Maximum exposure to any one counterparty*	Total exposure to all other counterparties*	Lowest credit rating of any one counterparty**
		£'000	£'000	
2019	1	268	–	AA-
2018	2	1	–	A

* Calculated on a net exposure basis
** Standard & Poor's ratings.

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

Debtors

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

In summary, the exposure to credit risk at 31 August 2019 and 31 August 2018 was as follows:

	2019	2018
	£'000	£'000
Sales for future settlement	–	1
Prepayments and accrued income	122	218
Taxation recoverable	1,580	1,416
	1,702	1,635

Management of counterparty credit risk

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

The counterparty credit risk is managed as follows:

- transactions are only entered into with those counterparties approved by RQA CCR, with a formal review carried out for each new counterparty and with counterparties selected by RQA CCR on the basis of a number of risk mitigation criteria designed to reduce the risk to the Company of default;
- the Company's listed investments are held on its behalf by BNYM as the Company's custodian (as sub-delegated by the Depositary). Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal control reports; and
- the creditworthiness of financial institutions with whom cash is held is reviewed regularly by the RQA CCR team.

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

- the semi-annual report from the Depositary, which includes the results of periodic site visits to the Company's custodian where controls are reviewed and tested;
- the custodian's Service Organisation Control (SOC 1) reports which include a report by the custodian's auditors. This report sets out any exceptions or issues noted as a result of the auditors' review of the custodian's control processes;
- the Manager's internal controls report which include a report by the Manager's auditors. This report sets out any exceptions or issues noted as a result of the auditors' review of the Manager's control processes; and
- in addition the Depositary and the Manager report any significant breaches or issues arising to the Board as soon as these are identified.

(c) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. At the year end, the Company had an available overdraft facility of the lower of £23.5 million or 15% of the Company's net assets (2018: lower of £36.5 million or 15% of the Company's net assets).

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 31 August 2019 and 31 August 2018, based on the earliest date on which payment can be required, were as follows:

	2019 Within 1 year	2018 Within 1 year
	£'000	£'000
Current liabilities:		
Bank overdraft	(173)	(5,589)
Creditors – amounts falling due within one year	(4,169)	(2,459)
	(4,342)	(8,048)

Management of liquidity risk

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

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

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

Notes to the financial statements continued

15. Risk management policies and procedures continued

(d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). Section 34 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note on page 63.

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 in active markets for similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs
This category includes all instruments where the valuation technique includes inputs not based on observable market data and the observable inputs could have a significant impact on the instrument's valuation.

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

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

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

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

Financial assets at fair value through profit or loss at 31 August 2019	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	340,814	–	–	340,814

Financial assets at fair value through profit or loss at 31 August 2018	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	336,832	–	–	336,832

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 August 2019 and 31 August 2018. The Company did not hold any Level 3 securities throughout the financial year or as at 31 August 2019 (2018: nil).

16. Capital management policies and procedures

The Company's capital management objectives are:

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

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

The Company's total capital as at 31 August 2019 was £338,442,000 (2018: £330,419,000) comprised of equity, capital and other reserves.

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

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

The Company is subject to externally imposed capital requirements:

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

During the year, the Company complied with the externally imposed capital requirements to which it was subject.

17. Transactions with the Manager and Investment Manager

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on pages 30 and 31.

The investment management fee is levied quarterly, based on 0.85% per annum of net asset value on the last day of each month. The investment management fee due for the year ended 31 August 2019 amounted to £2,653,000 (2018: £2,684,000). At the year end, £1,994,000 was outstanding in respect of the management fee (2018: £687,000).

In addition to the above services, BIM (UK) provided the Company with marketing services. The total fees paid or payable for these services for the period ended 31 August 2019 amounted to £103,000 excluding VAT (2018: £99,000). Marketing fees of £177,000 were outstanding at 31 August 2019 (2018: £74,000).

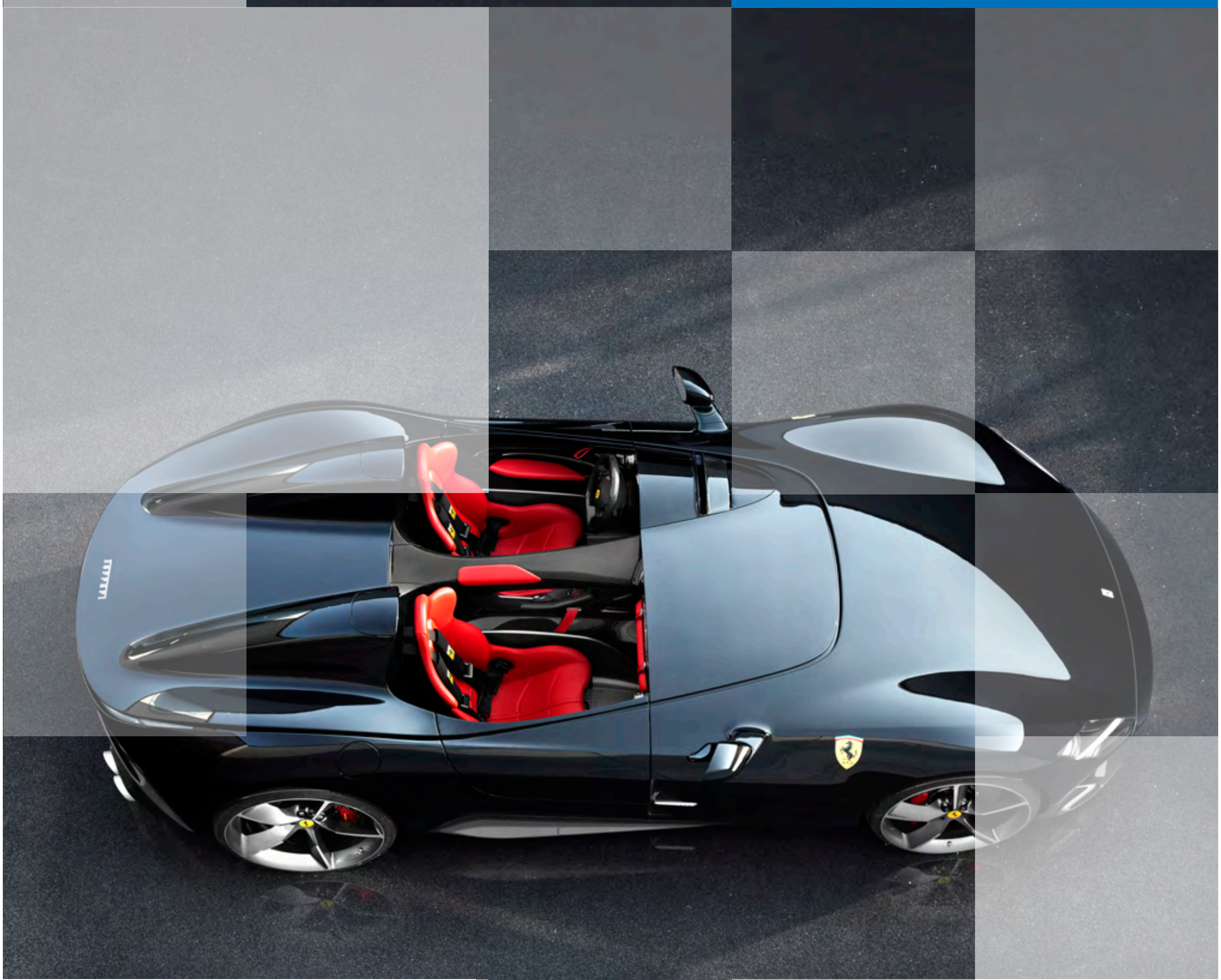
18. Related party disclosure

Disclosures of the Directors' interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 38 and 39. At 31 August 2019, £10,000 (2018: £10,000) was outstanding in respect of Directors' fees.

19. Contingent liabilities

There were no contingent liabilities at 31 August 2019 (2018: nil).

Additional information



Our position in Ferrari was another significant contributor to performance. The new limited series Monza supercar's 800 horsepower V12 engine is the most powerful Ferrari has ever built. The company plans to manufacture just 499 Monzas and all have already been sold.

© Ferrari S.p.A.

Shareholder information

Financial calendar

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

April

Half yearly figures announced and half yearly financial report published.

May

Interim dividend paid.

October

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

End November/early December

Annual General Meeting.

December

Final dividend paid.

Dividend – 2019

The proposed final dividend in respect of the year ended 31 August 2019 is 4.10p per share. The Board also declared an interim dividend of 1.75p per share which was paid on 31 May 2019 to shareholders on the register on 3 May 2019.

Ex-dividend date (shares transferred without the dividend)	31 October 2019
Record date (last date for registering transfers to receive the dividend)	1 November 2019
Last date for registering DRIP instructions	19 November 2019
Dividend payment date	10 December 2019

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 19 November 2019.

Share price

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

From April 2018 the annual tax-free allowance on dividend income across an individual's entire share portfolio is £2,000. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances.

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

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

Shareholder information continued

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.

Computershare Investor Services PLC

For existing shareholders the Company's registrar, Computershare Investor Services PLC, has both internet and telephone share dealing services. To access the internet share dealing service, log on to computershare.trade. The telephone share dealing service is available on 0370 703 0084. To use these services, you will need your shareholder reference number, which is detailed on your share certificate. You will also need to register first to use the service.

Internet dealing – The fee for this service is 1% of the value of each sale or purchase of shares, subject to a minimum of £30. Stamp duty of 0.5% is payable on purchases.

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

CREST

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

Private investors can continue to retain their share certificates and remain outside the CREST system. Private 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.

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.

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.

Electronic proxy voting

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

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

Nominee code

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

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

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

Publication of net asset value/portfolio analysis

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

The daily NAV per share and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the BlackRock website at blackrock.co.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).

Stocks and shares Individual Savings Account (ISA)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion within stocks and shares Individual Savings Accounts. In the 2019/2020 tax year investors have an annual ISA allowance of £20,000 (2018/2019: £20,000) which can be invested in either cash or shares.

Online access

Other details about the Company are available on the website at blackrock.co.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

Analysis of ordinary shareholders

as at 31 August 2019

By type of holder

	Number of shares	% of total 2019	% of total 2018	Number of holders	% of total 2019	% of total 2018
Direct private investors	25,957,880	30.6	31.6	7,458	92.7	92.6
Banks and nominee companies	58,242,080	68.8	67.7	516	6.4	6.5
Others	513,141	0.6	0.7	72	0.9	0.9
	84,713,101	100.0	100.0	8,046	100.0	100.0

By size of holding

Range	Number of shares	% of total 2019	% of total 2018	Number of holders	% of total 2019	% of total 2018
1-5,000	12,162,977	14.3	14.6	6,309	78.4	77.9
5,001-100,000	19,634,391	23.2	24.2	1,654	20.6	21.1
100,001-1,000,000	20,566,279	24.3	21.6	74	0.9	0.9
1,000,001-5,000,000	19,309,900	22.8	23.9	8	0.1	0.1
Over 5,000,000	13,039,554	15.4	15.7	1	0.0	0.0
	84,713,101	100.0	100.0	8,046	100.0	100.0

Historical record

Year ended 31 August	Ordinary shares in issue ex. Treasury	Treasury shares	Net assets attributable to ordinary shareholders	Net asset value per ordinary share – undiluted	Ordinary share price	Revenue attributable to ordinary shareholders	Revenue earnings per share	Dividend per share
			£'000	p	p	£'000	p	p
2005	140,414,347	–	182,339	129.86	123.00	2,882	1.82	1.60
2006	130,238,932	3,466,164	206,273	158.38	151.00	3,396	2.53	2.00
2007	119,843,969	4,885,076	221,331	184.68	179.00	3,823	3.06	2.40
2008	112,388,958	2,728,833	191,040	169.98	156.75	4,308	3.73	3.00
2009	105,124,598	1,696,092	172,713	164.29	153.75	3,519	3.26	3.15
2010	99,042,423	2,642,046	174,375	176.06	159.25	3,194	3.13	3.30
2011	95,859,314	1,739,788	178,535	186.25	181.00	6,581	6.77	3.50*
2012	119,793,123	4,760,637	223,041	186.19	175.00	5,984	5.52	4.20
2013	108,719,211	5,718,353	254,941	234.49	228.75	7,295	6.32	4.50**
2014	108,828,058	5,429,676	258,987	237.98	228.50	4,964	4.59	4.70
2015	104,309,663	5,488,898	261,459	250.66	244.00	5,609	5.28	5.00
2016	102,603,113	7,725,825	294,908	287.43	272.00	5,782	5.60	5.30
2017	95,295,953	15,032,985	330,727	347.05	328.00	5,172	5.33	5.45
2018	86,459,691	23,869,247	330,419	382.17	363.00	5,347	5.95	5.75
2019	**84,713,101**	**25,615,837**	**338,442**	**399.52**	**385.00**	**4,160**	**4.87**	**5.85**

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

Management and other service providers

Registered Office

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

Investment Manager and Secretary

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

Alternative Investment Fund Manager

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

Depositary, Custodian and Banker

The Bank of New York Mellon (International) Ltd*
One Canada Square
Canary Wharf
London E14 5AL

Registrar

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

Auditors

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.

AIFMD disclosures

Report on remuneration

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

Details of the most up to date version of the BlackRock AIFM Remuneration Policy (the Policy) are disclosed on the website at blackrock.co.uk/brge. The Policy is reviewed on an annual basis and updated as required; it has applied to the Manager since 1 January 2015, being the beginning of the first financial year of BlackRock following the Manager's authorisation as the Company's AIFM.

Quantitative remuneration disclosure

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

Leverage

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

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

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

	Commitment leverage as at 31 August 2019	Gross leverage as at 31 August 2019
Leverage ratio	1.00	1.00

Other risk disclosures

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 15 of the notes to the financial statements on pages 71 to 76.

Pre investment disclosures

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

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

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
22 October 2019

Information to be disclosed in accordance with Listing Rule 9.8.4

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

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

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

9.8.4 (3) This provision has been deleted.

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

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

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

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

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

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

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

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

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
22 October 2019

Notice of annual general meeting

Notice is hereby given that the fifteenth Annual General Meeting of BlackRock Greater Europe Investment Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Thursday, 5 December 2019 at 12.00 noon to consider and, if thought fit, pass Resolutions 1 to 10 inclusive as ordinary resolutions and Resolutions 11 to 14 as special resolutions:

Ordinary business

1. To receive the report of the Directors and the financial statements for the year ended 31 August 2019, together with the report of the auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 August 2019, excluding the remuneration policy of the Company.

3. To declare a final dividend for the year ended 31 August 2019 of 4.10p for each ordinary share in the capital of the Company.

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

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

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

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

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

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

Special business

Ordinary resolution

10. That, in substitution for all existing authorities, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot relevant securities in the Company (as described in that section) up to an aggregate nominal amount of £8,449 (being 10% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) provided that this authority shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2020, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

Special resolutions

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

    (a) allot up to 8,449,310 ordinary shares of 0.1p each in the Company (Ordinary Shares) with a maximum nominal amount of £8,449 (representing 10% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) at a price of not less than the most recently published net asset value per Ordinary Share prior to such allotment; and

    (b) resell up to 8,449,310 Ordinary Shares with a maximum nominal amount of £8,449 (representing 10% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) held by the Company in treasury (and, for the purposes of LR 15.4.11 R of the Listing Rules of the UK Listing Authority, such Ordinary Shares being permitted to be sold or transferred out of treasury for cash at a price which represents a discount of not greater than 2% to the most recently published net asset value per Ordinary Share prior to such sale);

    in each case wholly for cash as if section 561(1) of the Act did not apply to any such allotment or sale provided that this power shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2020, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot such Ordinary Shares pursuant to any such offer or agreement as if the power conferred hereby had not expired.

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

    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 12,665,515 or, if less, that number of Ordinary Shares which is equal to 14.99% of the Company's issued ordinary

Notice of annual general meeting continued

share capital (excluding treasury shares) as at 5 December 2019;

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

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

(d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2020 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry.

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

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

(ii) cancelled immediately upon completion of the purchase.

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

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 16,898,620 or, if less, that number of Ordinary Shares which is equal to 20% of the Ordinary Shares in issue as at 31 May 2020 (excluding any Ordinary Shares held in treasury);

(b) the price which may be paid for an Ordinary Share shall be an amount equal to 98% of the net asset value per Ordinary Share (calculated on a fully diluted basis) as at 31 May 2020 (or the succeeding business day); and

(c) the authority hereby conferred shall expire on 31 July 2020 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.

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

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 16,898,620 or, if less, that number of Ordinary Shares which is equal to 20% of the Ordinary Shares in issue as at 30 November 2020 (excluding any Ordinary Shares held in treasury);

(b) the price which may be paid for an Ordinary Share shall be an amount equal to 98% of the net asset value per Ordinary Share (calculated on a fully diluted basis) as at 30 November 2020; and

(c) the authority hereby conferred shall expire on 31 January 2021 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
22 October 2019

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.

2. To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions thereon as soon as possible and in any event by not later than 12.00 noon on 3 December 2019. Amended instructions must also be received by the Company's registrar by the deadline for receipt of Forms of Proxy. Alternatively you can vote or appoint a proxy electronically by visiting eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the Form of Proxy. The latest time for the submission of proxy votes electronically is 12.00 noon on 3 December 2019.

3. Proxymity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.00 noon on 3 December 2019 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

4. Completion and return of the Form of Proxy will not prevent you from attending the meeting and voting in person.

5. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.

6. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.

7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.

8. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

9. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's Registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.

10. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

Notice of annual general meeting continued

12. Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

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

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

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

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

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

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

16. As at 22 October 2019 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital comprised 84,493,101 ordinary shares of 0.1p each, excluding shares held in treasury. Each ordinary share carries the right to one vote and therefore the total number of voting rights in the Company as at 22 October 2019 is 84,493,101.

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

Glossary

Alternative Performance Measures (APM)

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

Closed-end company

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

Discount and premium*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. For example, if the share price was 360p and the NAV 380p, the discount would be 5.3%.

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 370p and the NAV 365p, the premium would be 1.4%.

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

Gearing*

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.

* Alternative Performance Measures

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

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

Net gearing calculation	Page	31 August 2019	31 August 2018	
		£000	£000	
Net assets	60	338,442	330,419	(a)
Borrowings	60	173	5,589	(b)
Total assets (a + b)		338,615	336,008	(c)
Current assets[1]	60	1,970	1,635	(d)
Current liabilities (excluding borrowings)	60	(4,169)	(2,459)	(e)
Cash and cash equivalents (d + e)		(2,199)	(824)	(f)
Net gearing figure (g = (c - f - a)/ a)		**0.7%**	**1.9%**	(g)

[1] Includes cash at bank.

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

Leverage

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

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

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

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The process for calculating

Glossary continued

exposure under each methodology is largely the same, except that, where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity's exposure is effectively reduced.

Net asset value per share (Cum Income NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing 'equity shareholders' funds' by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 31 August 2019, equity shareholders' funds were worth £338,442,000 and there were 84,713,101 ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 399.52 pence per ordinary share (please see note 9 of the financial statements for the audited inputs to the calculations).

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

Net asset value per share (Capital only NAV)

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

As at 31 August 2019, equity shareholders' funds less the current year net revenue return (after interim dividends) amounted to £335,770,000 and there were 84,713,101 ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 396.36p.

Equity shareholders' funds (excluding current period revenue) of £335,770,000 are calculated by deducting from the Company's net assets (£338,442,000) its current period revenue (£4,160,000), and adding back the interim dividend (£1,488,000).

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, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments (as set out in note 5 of the notes to the financial statements on page 65). 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 2019	31 August 2018	
		£000	£000	
Management fee	64	2,653	2,684	
Other operating expenses	65	710	779	
Total management fee and other operating expenses		3,363	3,463	(a)
Average net assets in the year		310,647	317,000	(b)
Ongoing charges (c = a/b)		**1.08%**	**1.09%**	(c)

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

Quoted securities

Securities that trade on an exchange for which there is 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. Revenue reserves is the undistributed income that the Company keeps as reserves. Investment trusts do not have to distribute all the income they generate, after expenses. They may retain up to 15% of revenue generated which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

* Alternative Performance Measures.

Total return – NAV and share price*

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

NAV total return	Page	31 August 2019	31 August 2018	
Closing NAV per share (pence)	3	399.52	382.17	
Add back interim and final dividends (pence)	67	5.75	5.45	
Effect of dividend reinvestment (pence)		0.85	0.50	
Adjusted closing NAV (pence)		406.12	388.12	(a)
Opening NAV per share (pence)	3	382.17	347.05	(b)
NAV total return (c = ((a - b)/b)) (%)		**6.3**	**11.8**	**(c)**

Share price total return	Page	31 August 2019	31 August 2018	
Closing share price (pence)	3	385.00	363.00	
Add back interim and final dividends (pence)	67	5.75	5.45	
Effect of dividend reinvestment (pence)		0.93	0.45	
Adjusted closing share price (pence)		391.68	368.90	(a)
Opening share price (pence)	3	363.00	328.00	(b)
Share price total return (c = ((a - b)/b)) (%)		**7.9**	**12.5**	**(c)**

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.

Unquoted investments

Financial securities that do not trade on an exchange for which there is not a publicly quoted price.

Yield*

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

* Alternative Performance Measures.

Share fraud warning

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

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

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

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

Report a scam

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

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

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

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

SGN001

MIX
Paper from responsible sources
FSC® C001785

blackrock.co.uk/brge

BLACKROCK®

Park Communications 40314