

**BlackRock**

# **BlackRock Frontiers Investment Trust plc**

Half Yearly Financial Report 31 March 2023





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To ensure that you are kept abreast, please scan the QR code to the right of this page to visit our website. If you have a smartphone, you can activate the QR code by opening the camera on your device and pointing it at the QR code. This will then open a link to the relevant section on the Company's website. By visiting our website, you will have the opportunity to sign up to our monthly newsletter which includes our latest factsheets and market commentary as well as upcoming events and webinars. Information about how we process personal data is contained in our privacy policy available on our website. Further information about the Company can be found at [www.blackrock.com/uk/brfi](http://www.blackrock.com/uk/brfi).

General enquiries about the Company should be directed to the Company Secretary at: [cosec@blackrock.com](mailto:cosec@blackrock.com)



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







# Financial highlights

as at 31 March 2023

**166.30 cents**

Ordinary share price

**+19.8%**<sup>1,2,3,4</sup>

**134.50 pence**

Ordinary share price

**+8.0%**<sup>1,2,3</sup>

**178.61 cents**

Net asset value (NAV) per ordinary share

**+14.5%**<sup>2,3</sup>

**144.45 pence**

NAV per ordinary share

**+3.3%**<sup>2,3,4</sup>

**+4.5%**

Benchmark Index<sup>5,6</sup>  
(US\$)

**-5.7%**

Benchmark Index<sup>5,6</sup>  
(GBP)

**3.10 cents**

Interim dividend

**+12.7%**

**4.3%**<sup>3,7</sup>

Yield

**US\$338.2m**

Net assets

**+11.7%**

The above financial highlights are as at 31 March 2023 and percentage comparisons are against 30 September 2022.

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

<sup>2</sup> Share price and NAV performance is calculated in British Pound Sterling and US Dollar terms with dividends reinvested.

<sup>3</sup> Alternative Performance Measure, see Glossary on pages 39 to 43.

<sup>4</sup> Based on an exchange rate of US\$1.2365 to £1 at 31 March 2023 and US\$1.1163 to £1 at 30 September 2022.

<sup>5</sup> Net return (NR) indices calculate the reinvestment of dividends net of withholding taxes.

<sup>6</sup> The Benchmark Index of the Company is the MSCI Emerging Markets Index ex Selected Countries + MSCI Frontier Markets Index + MSCI Saudi Arabia Index.

<sup>7</sup> Based on the 2022 final dividend of 4.25 cents per share and the interim dividend for the six months ended 31 March 2023 of 3.10 cents per share and the share price of 169.33c as at 1 June 2023 (exchange rate of US\$1.2520 to £1), the latest practicable date prior to the publication of the Half Yearly Financial Report.



Regionally, the Middle East has been the strongest performer, with Qatar, Saudi Arabia, UAE and Kuwait (pictured left) all eking out positive returns.

# Why BlackRock Frontiers Investment Trust plc?

## Investment objective

The Company's investment objective is to achieve long-term capital growth by investing in companies domiciled or listed in or exercising the predominant part of their economic activity in less developed countries. These countries (the "Frontiers Universe") are any country which is neither part of the MSCI World Index of developed markets, nor one of the eight largest countries by market capitalisation in the MSCI Emerging Markets Index being: Brazil, China, India, South Korea, Mexico, Russia, South Africa and Taiwan (the "Selected Countries").

## Reasons to invest



### Differentiated growth opportunity

Investing in frontier markets provides the Company with the opportunity to identify attractively valued businesses operating within faster growing economies often delivering highly attractive growth in cash flows and dividends. These markets typically have low correlation with each other and the developed markets, offering portfolio diversification opportunities.



### Long-term focus

Our managers look through the daily noise which impacts markets, seeking out mis-priced assets in some of the fastest growing countries in the world, home to over 3 billion people. Our managers look to align themselves with good management teams of highly cash flow generative companies that they believe have the ability to create long-term value for the patient investor.



### Closed-end structure

Investment Trusts have an independent Board of Directors appointed to protect shareholders' interests and enhance shareholder value. The closed-end structure means the Company does not have to sell assets to meet redemptions, making it more suitable for holding less liquid assets. It can also retain a proportion of its income to help smooth dividend payments and use gearing to potentially increase returns over time, and can invest for the long term in a more diverse portfolio of assets.



### Expertise and idea generation

The Company is managed by BlackRock's Global Emerging Markets team and benefits from its expertise and global reach. The team has the resources to undertake extensive, proprietary, on-the-ground research to get to know the management of the companies in which they invest. The team also generates investment ideas using a diverse range of sources, including BlackRock's research platform.



### Diversified portfolio

Our Investment Manager aims to ensure risks and returns are diversified by end market exposures. They work closely with their colleagues in the BlackRock Risk and Quantitative Analysis group to ensure that portfolio risk is deliberate, diversified and scaled.



### Yield

Whilst our investment objective is focused on capital appreciation, many of the companies in our portfolio distribute income. This revenue enables the Company to generate an attractive yield, an important component of long-term shareholder total return.



A member of the Association of Investment Companies

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

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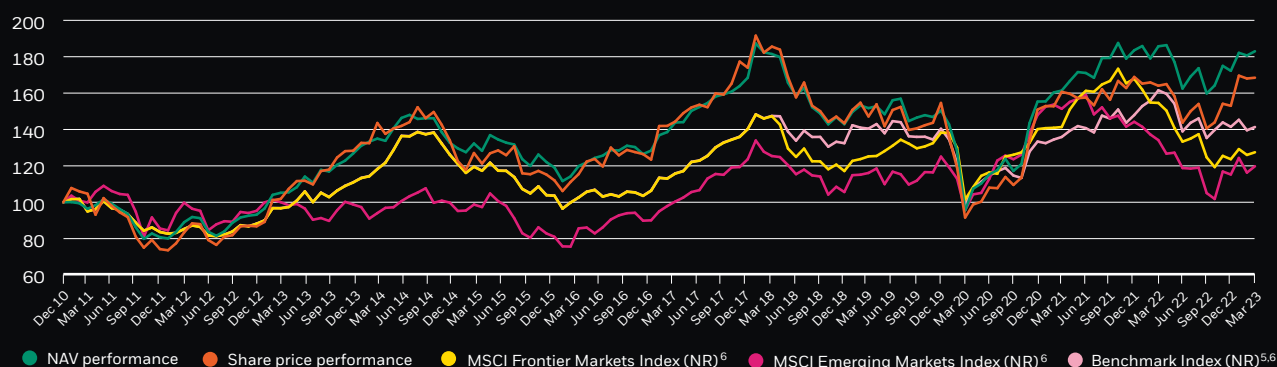
# Performance record

The Company's financial statements are presented in US Dollars. The Company's shares are listed on the London Stock Exchange and quoted in British Pound Sterling. The British Pound Sterling amounts for performance returns shown below are presented for convenience. The difference in performance returns measured in US Dollars and in British Pound Sterling reflects the change in the value of British Pound Sterling versus the US Dollar over the period.

	As at 31 March 2023	As at 30 September 2022
<b>US Dollar</b>		
Net assets (US\$'000) <sup>1</sup>	338,161	302,656
Net asset value per ordinary share (cents)	178.61	159.86
Ordinary share price (mid market) <sup>2</sup> (cents)	166.30	142.61
<b>British Pound Sterling</b>		
Net assets (£'000) <sup>1,2</sup>	273,493	271,124
Net asset value per ordinary share <sup>2</sup> (pence)	144.45	143.21
Ordinary share price (mid market) (pence)	134.50	127.75
Discount <sup>3</sup>	6.9%	10.8%

Performance	For the six months ended 31 March 2023 %	For the year ended 30 September 2022 %	Since inception <sup>4</sup> %
<b>US Dollar</b>			
Net asset value per share (with dividends reinvested) <sup>3</sup>	+14.5	-10.9	+83.0
Benchmark Index (NR) <sup>5,6</sup>	+4.5	-7.3	+41.4
MSCI Frontier Markets Index (NR) <sup>6</sup>	+2.2	-25.2	+27.5
MSCI Emerging Markets Index (NR) <sup>6</sup>	+14.0	-28.1	+19.8
Ordinary share price (with dividends reinvested) <sup>3</sup>	+19.8	-10.0	+68.5
<b>British Pound Sterling</b>			
Net asset value per share (with dividends reinvested) <sup>3</sup>	+3.3	+7.7	+129.9
Benchmark Index (NR) <sup>5,6</sup>	-5.7	+12.0	+76.9
MSCI Frontier Markets Index (NR) <sup>6</sup>	-7.7	-9.6	+60.7
MSCI Emerging Markets Index (NR) <sup>6</sup>	+3.0	-13.2	+51.1
Ordinary share price (with dividends reinvested) <sup>3</sup>	+8.0	+8.7	+111.4

## Performance since inception on 17 December 2010 to 31 March 2023



All performance figures in the chart above are calculated on a US Dollar basis with dividends reinvested, rebased to 100 at 17 December 2010.

<sup>1</sup> The change in net assets reflects dividends paid and portfolio movements during the period.

<sup>2</sup> Based on an exchange rate of US\$1.2365 to £1 at 31 March 2023 and US\$1.1163 to £1 at 30 September 2022.

<sup>3</sup> Alternative Performance Measure, see Glossary on pages 39 to 43.

<sup>4</sup> The Company was incorporated on 15 October 2010 and its shares were admitted to trading on the London Stock Exchange on 17 December 2010.

<sup>5</sup> With effect from 1 April 2018, the Benchmark Index changed to the MSCI Emerging Markets Index ex Selected Countries + MSCI Frontier Markets Index + MSCI Saudi Arabia Index. Prior to 1 April 2018, the Benchmark Index was the MSCI Frontier Markets Index. The performance returns of the Benchmark Index since inception have been blended to reflect this change.

<sup>6</sup> Net return (NR) indices calculate the reinvestment of dividends net of withholding taxes.

Sources: BlackRock and Datastream.

# Chairman's Statement



**Audley Twiston-Davies**  
Chairman

## Dear Shareholder,

I am pleased to present the Company's Half Yearly Financial Report for the six months to 31 March 2023.

## Period highlights

- NAV total return of +14.5%, well ahead of the benchmark return of +4.5% (in US Dollar terms with dividends reinvested);
- Share price total return of +19.8% (in US Dollar terms with dividends reinvested);
- Share price total return of +8.0% (in British Pound Sterling terms with dividends reinvested);
- Declared interim dividend of 3.10 cents per share; and
- Yield of 4.3% (based on share price at 1 June 2023, interim dividend for 2023 and final dividend for 2022).

## Performance and overview

Our portfolio managers' strategy and investment process has seen the Company perform strongly during the period, outperforming our benchmark. Their ability to identify and expose the portfolio to different and diverse themes is, we believe, our competitive advantage.

During the six months to 31 March 2023, the Company achieved a NAV total return in US Dollars of +14.5%, outperforming its Benchmark Index which returned +4.5%. The Company's share price total return was +19.8%. To provide further context, the MSCI Frontier Markets Index returned +2.2% and the MSCI Emerging Markets Index returned +14.0%.

As you will read in the Investment Manager's Report which follows, global markets have been dominated by fears of a US-led recession, uncertainty over the trajectory of interest rates and speculation over when the Federal Reserve (Fed) will reverse its monetary policy tightening cycle (which many believe will be the catalyst for a return of confidence).

However, there are tailwinds for frontier markets, in particular a weakening US Dollar and the re-opening of China, both of which have been beneficial of late for many of the markets that we invest in. Our portfolio managers also note the relatively benign fiscal position and accommodative monetary policy applied by many of the governments of the countries in which we invest. This is in stark contrast to the current position in developed markets. This lack of correlation with developed market economies has always been and remains one of the Company's key attractions for investors seeking portfolio diversification.



# Chairman's Statement

continued

Your portfolio managers provide a detailed description of the key contributors to and detractors from performance during the period, portfolio activity and their views on the outlook for the second half of the financial year in their report which follows on pages 8 to 10.

## Revenue return and dividends

The Company's revenue return per share for the six months ended 31 March 2023 amounted to 2.74 cents (six months ended 31 March 2022: 2.31 cents). Further, as at 31 May 2023 the Company had accrued a total of 5.96 cents in revenue return per share for the period from 1 October 2022 to 31 May 2023. Accordingly, the Board is pleased to declare an interim dividend of 3.10 cents per share (2022: 2.75 cents per share). This interim dividend is payable on 7 July 2023 to shareholders on the Company's register on 16 June 2023. The shares will go ex-dividend on 15 June 2023. During the period the final dividend of 4.25 cents per share for the year ended 30 September 2022, which was declared on 7 December 2022, was paid to shareholders on 14 February 2023.

This higher interim dividend than usual is reflective of an increase in the amount of revenue generated, which our portfolio managers believe is sustainable given that it is broadly representative of the underlying earnings growth in the companies held within our portfolio. There can of course be no guarantee of the level of future revenue derived from our portfolio and I should be clear that this should not be considered to be a dividend forecast.

## Portfolio management team

As announced on 24 February 2023, Sudaif Niaz was appointed alongside Sam Vecht and Emily Fletcher as

a named portfolio manager of the Company. Sudaif joined BlackRock in 2015 and is a portfolio manager and research analyst in the Global Emerging Markets Equities Team. Sudaif is also a member of the EMEA and Frontier Markets research team, where he covers South East Asia and parts of the Middle East. He has worked closely with Sam and Emily for many years providing support in managing the Company's portfolio and his addition as a named manager reflects his significant contribution. There are no changes anticipated in the way the portfolio is managed on a day-to-day basis as a result of this change.

## Gearing

One of the advantages of the investment trust structure is that the Company can use gearing with the objective of increasing portfolio returns over the longer term. The Company utilised its ability to gear the portfolio through its CFD exposure during the year. As at 31 March 2023, net gearing stood at 2.4%.

## Board composition

On 1 February 2023 the Board announced that, as part of its ongoing succession plans, and having each served for a tenure of in excess of 12 years, both Mr Zok and I would step down from the Board prior to next year's AGM to be held in February 2024. The Board has undertaken a process to identify my successor as Chairman and to identify a replacement for Mr Zok whose in-depth knowledge and on the ground insights into the culture, customs and business practices in the Middle East have been invaluable.

I am pleased to announce that it has been agreed that Katrina Hart, our current Senior Independent Director, will succeed me as Chairman upon my retirement from the Board at the AGM in 2024. Katrina possesses a

great deal of investment trust specific expertise and asset management experience, having spent her executive career in investment banking and equities research. It has also been agreed that Elisabeth Airey, also a serving Director, will succeed Katrina as our Senior Independent Director. Further information on their respective backgrounds and experience can be found on pages 36 and 37.

## Share capital

For the period under review, the Company's ordinary shares traded at an average discount to NAV of 8.3%, but had narrowed to 6.9% on a cumulative basis at 31 March 2023. By comparison, the weighted average discount of the AIC Global Emerging Markets peer group during the period under review was 10.8%.

As at 1 June 2023, the discount stood at 8.6% (compared to an average discount for the peer group of 9.6%). The Directors are keen to ensure that the Company's share price does not trade at a significant discount or premium to the underlying NAV. Accordingly, the Directors, in conjunction with the Company's broker, monitor the level of discount closely and will consider the issue of ordinary shares at a premium or repurchase at a discount to help balance demand and supply in the market if they believe it is in shareholders' interests to do so. In determining whether to proceed, Directors review a range of factors, including the ongoing attractiveness of the investment offering, the prevailing market conditions and the discount level in absolute terms and relative to that of the peer group companies.

The Board continues to monitor the market in our shares and, in conjunction with the Company's broker, gives consideration to the possibility of buying back shares.



The Directors currently have the authority to buy back shares in the market equivalent to 14.99% of the Company's issued share capital and also to issue new shares equivalent to 10% of the Company's issued share capital (excluding any shares held in treasury). The Board will seek a renewal of these authorities from shareholders at the AGM.

No new shares were issued or sold from treasury during the period or up to the date of this report.

### **Shareholder communication**

We appreciate how important access to regular information is to our shareholders. To supplement our Company website, we now offer shareholders the ability to sign up to the BlackRock Trust Matters newsletter which includes information on the Company as well as news, views and insights.

Further information on how to sign up is included on the inside cover of this report.

### **Outlook**

Our portfolio managers believe our Company is well placed to continue to generate good performance as we move through the second half of our financial year. Since the period end and up to 1 June 2023, the net asset value per share of the Company has increased by 3.7% from 178.61 cents per share to 185.23 cents per share. The Company's Benchmark Index has decreased by 0.2%.

Our portfolio is exposed to a range of fast-growing countries with significant natural resources, such as Chile and Indonesia. Our holdings in South East Asia are also benefiting as Western countries seek to recalibrate their supply chains away from China in response to rising geo-political tensions. In Europe, the portfolio

managers have selectively added to Greece and Hungary to take advantage of attractive investment opportunities. They have also initiated a position in Argentina, a region that has at times delivered strong returns for the Company.

Success in these markets requires extensive resources, painstaking research and local knowledge. Our portfolio managers' unwavering commitment to meeting the management teams of the companies we invest in, wherever they may be in the world, is invaluable and sets us apart.

As we move through the second half of the financial year the Board shares our portfolio managers' excitement around the breadth of opportunities offered by the Frontier Markets in what is a dynamic and ever-changing investment universe.

### **Audley Twiston-Davies**

Chairman  
5 June 2023

# Investment Manager's Report



**Sam Vecht**  
Co-portfolio Manager



**Emily Fletcher**  
Co-portfolio Manager



**Sudaif Niaz**  
Co-portfolio Manager

## Market review

In many ways, the six months to end March 2023 have been less eventful for our universe than the first nine months of 2022, despite us operating in a markedly different world. US interest rates are at 16 year highs, the world appears more divided along geopolitical lines, and although inflation appears to be retreating somewhat, it remains front of mind for investors alongside the looming possibility of a US-led global recession. Against this backdrop, the Company has delivered a strong result, with the net asset value (NAV) increasing by 14.5% in US Dollar terms and by 3.3% in British Pound Sterling terms over the six month period (all percentages with dividends reinvested).

Much of 2022 was dominated by concerns about a crippling European energy crisis. A warmer than usual winter, coupled with a quick ramp up of storage efforts, and sizeable increases in liquefied natural gas imports, have helped avert a full-scale crisis. Gas prices have in fact experienced an 86% decline from the record highs we saw in August last year and gas reserves are now at a comfortable level. Over the six month period, this has benefited countries in Eastern Europe, in particular Greece (+49%), Poland (+47%) and Hungary (+40%).

The other notable global event was the quicker than anticipated reopening of the Chinese economy post-COVID-19.

This development supported several countries in our investment universe, particularly in South East Asia as tourism numbers started to recover, notably in Thailand.

Geopolitical tensions remain front of mind for investors. While we saw an easing of China/Taiwan tensions following the meeting between US President Biden and Chinese Communist Party General Secretary Xi Jinping at the G-20 in November last year, the relationship between the two countries soured again in 2023 after the US decision to inhibit sales of advanced technology to China. These geopolitical tensions have accelerated a duplication of supply chains which continues to benefit countries in our investment universe such as Vietnam and Malaysia.

## From the road

One of the highlights of the last six months was the acceleration of travel to our investment universe to conduct on-the-ground due diligence. The team visited more than 15 countries over the period. In Europe, some of the countries we visited were Georgia, Greece and Hungary. We also travelled to countries such as Kuwait, Qatar and Saudi Arabia in the Middle East. Among the many countries we visited in Asia, examples are Indonesia, Malaysia and Vietnam. Our travels also took us to several destinations in Latin America, including Argentina, Chile and Uruguay. We met with representatives

from companies, governments and civil society to stress test our investment views.

Our visit confirmed Greece as one of the bright spots in our investment universe. Digitalisation there should continue to drive better than expected government revenue collection and thus investments on top of very significant inflows from the European Union under the Recovery and Resilience Facility program. The country has seen a significant increase in exports to Gross Domestic Product (GDP) from 20% in 2006 to nearly 50% in 2023, and we continue to see attractive opportunities in the country. In Indonesia, we expect the domestic consumption environment and current account to see sustained improvements. The country has the biggest stock of nickel in the world, a crucial input in the electric vehicle (EV) battery supply chain, and we see the country's transformation from a primarily upstream extractive economy into a more value additive one as positive for the economy overall.

In contrast, our trip to Vietnam highlighted near-term concerns from the developments in the real estate sector. While we expect the country to benefit from the relocation of supply chains from China and an uptick in tourism, we have adopted a more cautious stance following our recent trip as we try to side-step the fallout from the problems in the real estate sector. Our position in Vietnam is somewhat separated from these concerns.

## Portfolio review

In the six months to 31 March 2023, the Company's NAV returned 14.5% (on a US Dollar basis with dividends reinvested) significantly outperforming its Benchmark Index (the MSCI Emerging Markets Index ex Selected Countries + MSCI Frontier Markets + MSCI Saudi Arabia Index) which returned 4.5%. Over the same period the MSCI Emerging Markets Index rose by 14.0% and MSCI Frontier Markets Index rose by 2.2%. Since

inception, the Company's NAV has returned 83.0%, compared with 41.4% for its Benchmark Index. For reference, the MSCI Frontier Markets Index and the MSCI Emerging Markets Index returned 27.5% and 19.8% respectively (all percentages in US Dollar terms with dividends reinvested).

Our allocation to Hungary did very well, with low-cost airline Wizz Air Holdings (+108%) being the single biggest contributor over the period. The company has benefitted from a rebound in travel demand in a post-COVID-19 environment while managing to maintain cost discipline, hence preserving margins. Our overweight allocation to Hungarian bank OTP Bank (+55%) was another significant contributor where a high interest rate environment bolstered net interest income. National Bank of Greece (+64%) and Polish bank PKO Bank Polski (+50%) benefitted from similar fundamentals. The majority of the banks we own are national champions and are less susceptible to the much talked about asset-liability mismatches in the regional US banks. Given their dominant domestic positioning, our bank holdings should benefit from a deposit flight to safety.

Elsewhere, our exposure to Argentina through Vista Oil & Gas (Vista) (+61%) also performed strongly. Vista owns assets in the famous Vaca Muerta shale formation in Argentina. The company benefitted from higher hydrocarbon prices and an increase in export volumes. Our Kazakh exposure also did well, primarily through our holding in fintech super-app JSC Kaspi (+33%). Our positioning in the country is driven by bottom-up fundamentals. Another notable contributor to the performance of the Company over this period was our overall underweight allocation to Saudi Arabia. Significantly higher risk-free rates and lower energy prices weighed on the Saudi market overall.

While we had no exposure to Turkey (+48%), it is worth highlighting that it was the second best performing market in our universe over this period. The

Turkish elections concluded on 28 May 2023, where current president Recep Tayyip Erdoğan was re-elected for a historic third term. We continue to have no exposure to the country.

From a stock specific perspective, the biggest detractor over the period was Saudi National Bank (-33%). The company was the largest shareholder in Credit Suisse. While the investment in Credit Suisse relative to the scale of Saudi National Bank was immaterial, the market questioned the bank's capital allocation framework. It was little surprise when the bank saw its chairman resign after the collapse of the Swiss bank. Elsewhere in the Kingdom, Saudi Telecom also detracted (-9%). Our allocation to Qatar Gas Transport Company (-12%) was also a detractor but has since recovered. In Vietnam, Vietnam Technological & Commercial (Techcombank) (-20%) negatively impacted returns and post our trip we have taken a more cautious view on the country given tightening liquidity conditions and the concerns around the viability of some parts of the property sector.

In terms of positioning, we added to Indonesia as we like the macro setup in the country. We increased our exposure to companies such as auto conglomerate Astra International on the back of a supportive outlook for automotive sales. We also initiated a position in food manufacturing company Indofoods as well as in commercial bank, Bank Central Asia. Hungary is another market where we have conviction and we added to OTP Bank and Wizz Air Holdings. We exited Genting Malaysia, a Malaysian hotel and resort operator, where despite an uptick in tourist numbers, the company has disappointed on the cost side.

## Outlook

We still believe global markets are in the process of adjusting to a world of higher inflation and higher interest rates. The banking sector fragility we saw over the course of March is one indicator that this level of interest rates is starting to bite. Equally, we believe



# Investment Manager's Report

continued

we are near a peak in the US Dollar and that provides a favourable setup for frontier markets that posit supportive economic fundamentals and policy making.

We retain an overweight exposure in Indonesia and Chile as both fit our macro-economic framework. In particular, the Indonesian economy is positioned to sustain high single digit nominal GDP growth given policy-making remains favourable to attract foreign direct investment and continue to grow its exports base. We have an optimistic view on Indonesia's ability to grow its value-added nickel exports that the global EV battery supply chain will increasingly rely on. Indonesia holds one of the largest nickel reserves in the world and is quickly developing these into higher density battery grade nickel for NCM batteries. This will support Indonesian balance of payments and allow for more sustainable economic growth given Indonesia remains under invested in most sectors by relative emerging market standards. Our favourable view on Chile is predicated on the country implementing an orthodox monetary and fiscal policy which has enabled inflation to roll over and we believe there is value in stocks there as the interest rate cycle normalises.

## Geopolitical factors

From a geopolitical standpoint, the world looks increasingly split into three blocks: the 'Western' block such as Europe, US, South Korea, Japan, Australasia, the 'Eastern' block such as China, Russia, North Korea, and some Chinese aligned African nations, and then the 'Neutrals' such as India, Brazil, Saudi Arabia and much of the rest of South America and the Middle East. Most of the countries within our Frontier Markets universe are considered 'neutrals', and should benefit as the global geopolitical alliances recalibrate.

It is clear to us that these geopolitical concerns have already prompted a supply chain recalibration away from China and countries such as Vietnam and Malaysia will continue to see the benefit of re-shoring of supply chains.

Finally, we observe a marked contrast in the monetary and fiscal policy decisions taken in the small emerging and frontier markets versus developed markets in the post-pandemic years, and we find significant value in currencies and equity markets across our investment opportunity set. We are optimistic over the long-term in our under-researched frontiers universe which should enable compelling investment opportunities.

## Sam Vecht, Emily Fletcher and Sudaif Niaz

BlackRock Investment Management (UK) Limited  
5 June 2023

# Ten largest investments<sup>1</sup>

as at 31 March 2023

## **1 ▲ Bank Central Asia** (2022: n/a)

**Financials (Indonesia)**

**Portfolio value: \$16,905,000**

**Percentage of net assets: 5.0% (2022: nil%)**

Bank Central Asia is an Indonesian commercial bank headquartered in Jakarta. It is the largest private bank in the country, offering commercial banking and other financial services.

## **2 ▲ Abdullah Al Othaim Markets<sup>2</sup>** (2022: 5th)

**Consumer Staples (Saudi Arabia)**

**Portfolio value: \$12,099,000**

**Percentage of net assets: 3.6% (2022: 3.2%)**

Abdullah Al Othaim Markets is a large retailer in Saudi Arabia, operating supermarkets, hypermarkets, convenience stores and wholesale outlets. They also have a small presence in Egypt. The company is looking to disrupt the current landscape which is largely dominated by mom-and-pop stores.

## **3 ▲ Astra International** (2022: 12th)

**Consumer Discretionary (Indonesia)**

**Portfolio value: \$11,845,000**

**Percentage of net assets: 3.5% (2022: 2.6%)**

Astra International is an Indonesian auto conglomerate and the largest independent automotive group in South East Asia.

## **4 ▲ Saudi Basic Industries Corporation<sup>2</sup>** (2022: n/a)

**Materials (Saudi Arabia)**

**Portfolio value: \$11,054,000**

**Percentage of net assets: 3.3% (2022: nil%)**

Saudi Basic Industries Corporation (SABIC), headquartered in Riyadh, is a steel and chemicals manufacturer. The company is a subsidiary of Saudi Arabian Oil Co, and engages in the production of petrochemicals, chemicals, industrial polymers, fertilizers and metals.

## **5 ▲ PKO Bank Polski** (2022: 7th)

**Financials (Poland)**

**Portfolio value: \$10,651,000**

**Percentage of net assets: 3.1% (2022: 3.1%)**

PKO Bank Polski is Poland's largest bank founded in 1919. It is primarily focused on retail banking, operating over 1100 branches in Poland and abroad.

## **6 ▲ Bank Mandiri** (2022: 23rd)

**Financials (Indonesia)**

**Portfolio value: \$10,064,000**

**Percentage of net assets: 3.0% (2022: 2.0%)**

Bank Mandiri is one of the largest banks in Indonesia. The bank offers a range of banking products and services from corporate to retail banking.

# Ten largest investments

continued

## **7 ▼ JSC Kaspi** (2022: 4th)

**Financials (Kazakhstan)**

**Portfolio value: \$9,870,000**

**Percentage of net assets: 2.9% (2022: 3.4%)**

JSC Kaspi is the largest payments and fintech ecosystem in Kazakhstan. The company began as a bank but expanded into peer-to-peer payments and online marketplaces, proving vital for businesses during the lockdowns of 2020. The company is working on expanding into other markets in Central Asia.

## **8 ▲ Wizz Air Holdings** (2022: 46th)

**Industrials (Hungary)**

**Portfolio value: \$9,838,000**

**Percentage of net assets: 2.9% (2022: 1.2%)**

Wizz Air Holdings, legally incorporated as Wizz Air Hungary Ltd, is a Hungarian ultra-low-cost carrier with its head office in Budapest, Hungary. The airline serves many cities across Europe, as well as some destinations in North Africa, the Middle East and South Asia.

## **9 ▲ OTP Bank** (2022: 42nd)

**Financials (Hungary)**

**Portfolio value: \$9,770,000**

**Percentage of net assets: 2.9% (2022: 1.3%)**

OTP Bank, headquartered in Budapest, Hungary, is one of the leading banking groups in Central and Eastern Europe. The bank has operations in 11 countries across the region and serves nearly 16 million customers.

## **10 ▲ FPT<sup>2</sup>** (2022: 11th)

**Information Technology (Vietnam)**

**Portfolio value: \$9,638,000**

**Percentage of net assets: 2.9% (2022: 2.6%)**

FPT is Vietnam's largest information technology services company, with a focus on information and communications technologies. The core business focuses on consulting, providing and deploying technology and telecommunications services and solutions.

<sup>1</sup> Gross market exposure as a % of net assets.

<sup>2</sup> Exposure gained via long contracts for difference (CFDs) only.

The Company's ten largest investments represented 33.1% of the Company's portfolio as at 31 March 2023 (30 September 2022: 35.2%).

Percentages in brackets represent the portfolio holding at 30 September 2022.

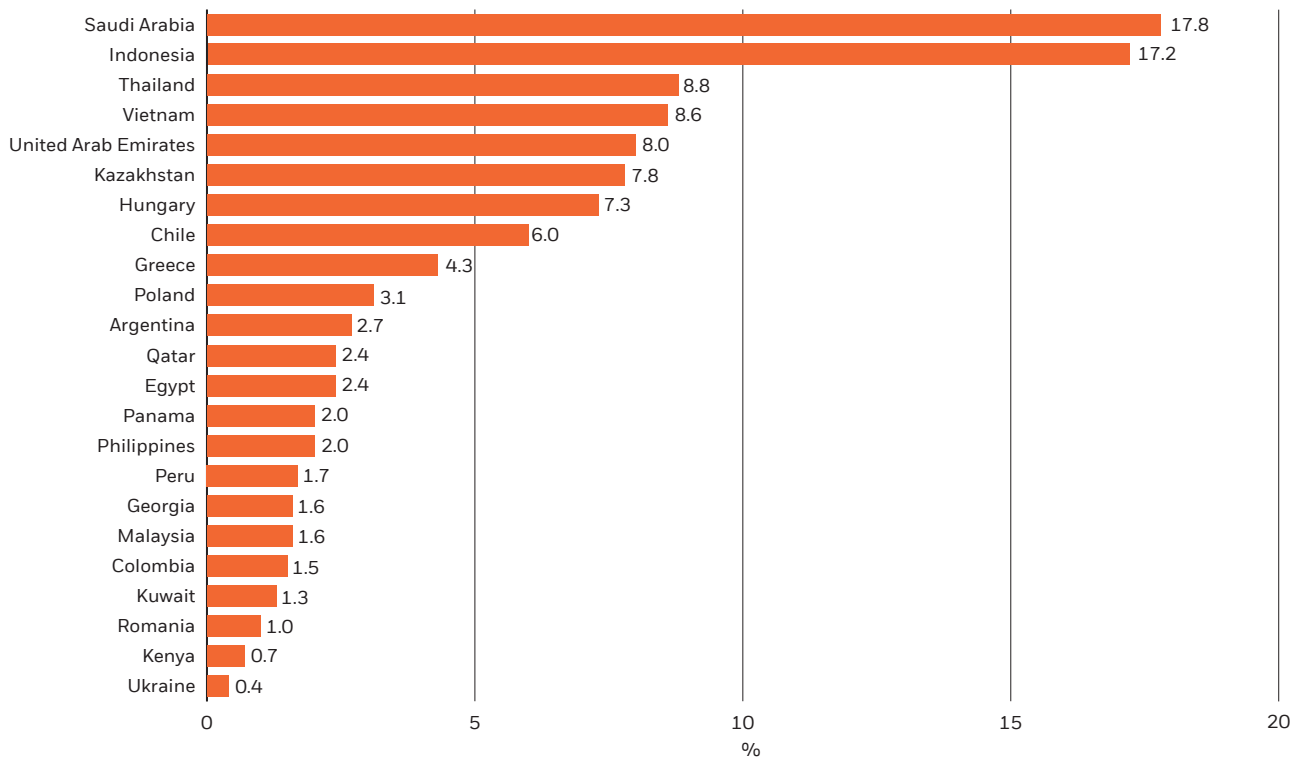
Arrows indicate the change in the relative ranking of the position in the portfolio compared to its ranking as at 30 September 2022.



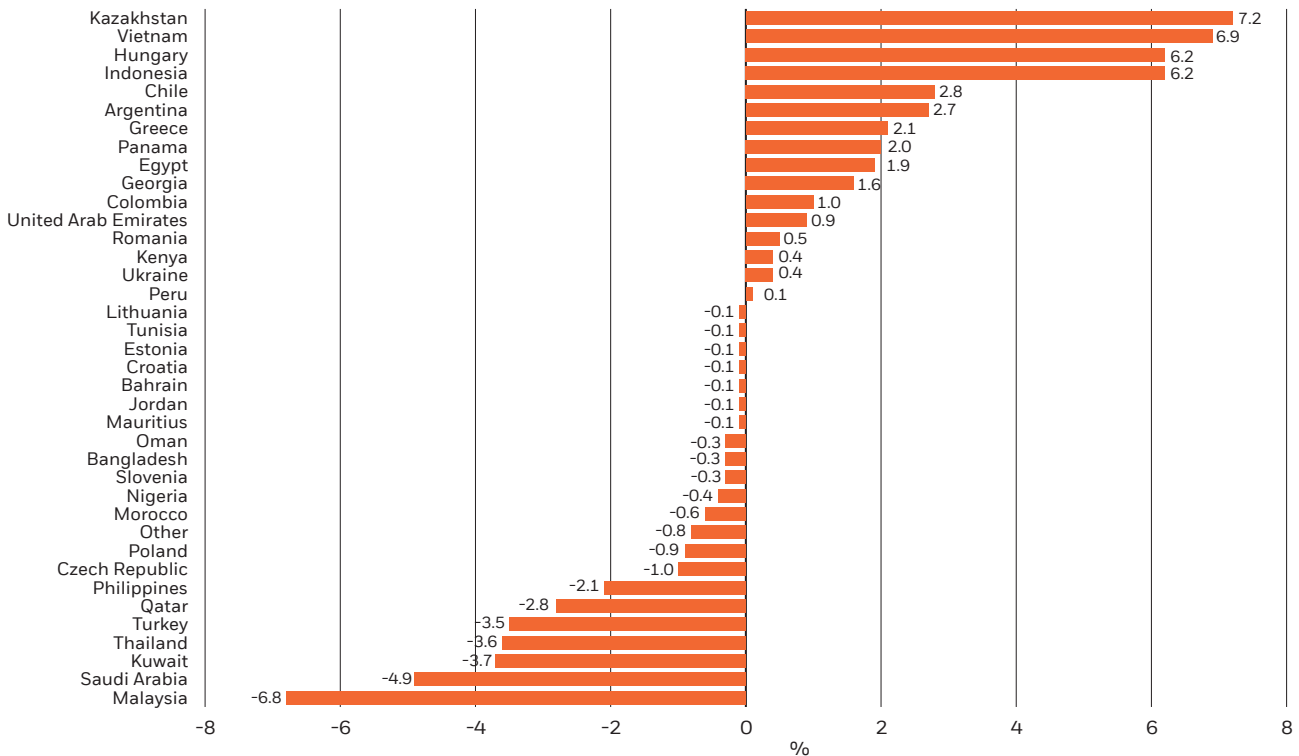
# Portfolio analysis

as at 31 March 2023

## Country allocation: Absolute weights (Gross market exposure as a % of net assets)<sup>1</sup>



## Country allocation relative to the Benchmark Index (%)<sup>1</sup>

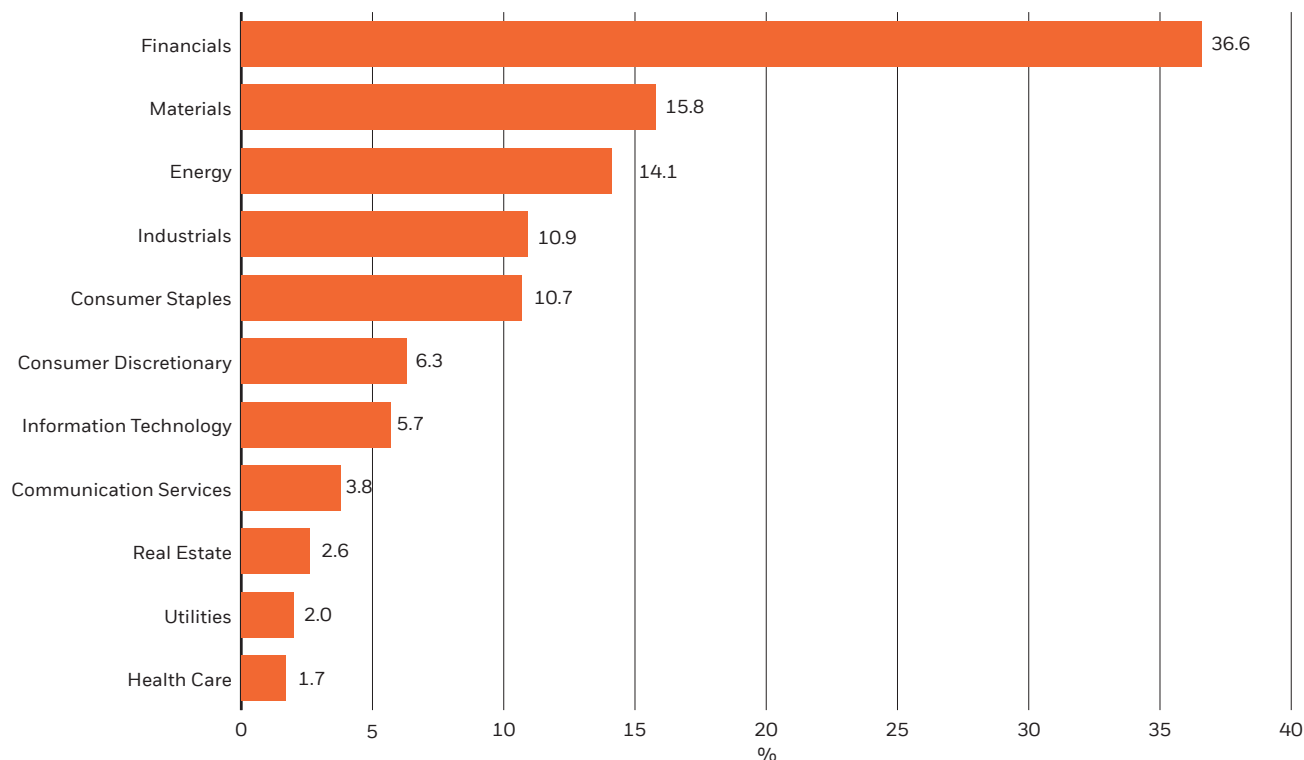


<sup>1</sup> Includes exposure gained through equity positions and long and short CFD positions.  
Sources: BlackRock and Datastream.

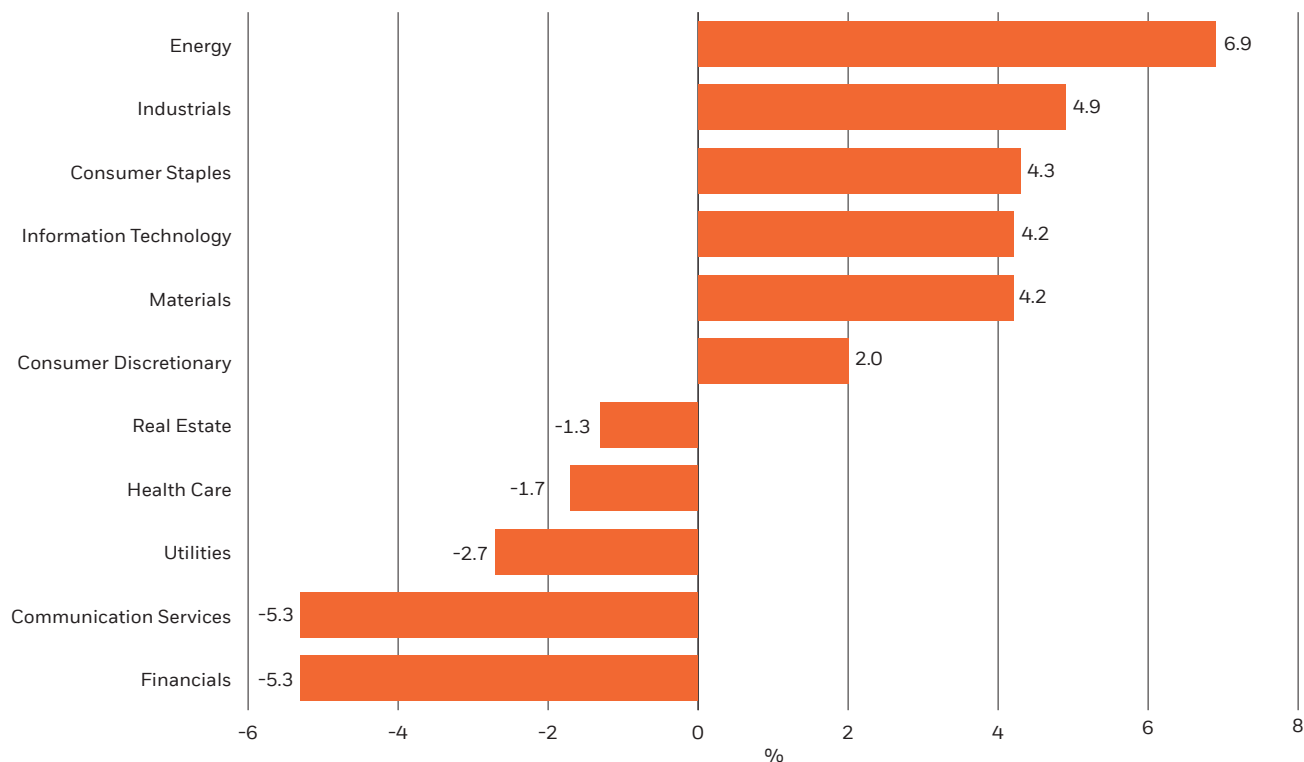
# Portfolio analysis

continued

## Sector allocation: Absolute weights (Gross market exposure as a % of net assets)<sup>1</sup>



## Sector allocation relative to the Benchmark Index (%)<sup>1</sup>



<sup>1</sup> Includes exposure gained through equity positions and long and short CFD positions.  
Sources: BlackRock and Datastream.

# Investments

as at 31 March 2023

## Equity portfolio by country of exposure

Company	Principal country of operation	Sector	Fair value <sup>1</sup> US\$'000	Gross market exposure as a % of net assets <sup>3</sup>
Bank Central Asia	Indonesia	Financials	16,905	5.0
Astra International	Indonesia	Consumer Discretionary	11,845	3.5
Bank Mandiri	Indonesia	Financials	10,064	3.0
Indocement Tungal Prakarsa	Indonesia	Materials	7,569	2.3
Mitra Adiperkasa	Indonesia	Consumer Discretionary	6,570	1.9
Indofood CBP Sukses Makmur	Indonesia	Consumer Staples	5,047	1.5
			<b>58,000</b>	<b>17.2</b>
JSC Kaspi	Kazakhstan	Financials	9,870	2.9
Halyk Savings Bank	Kazakhstan	Financials	8,446	2.5
Kazatomprom	Kazakhstan	Energy	7,985	2.4
			<b>26,301</b>	<b>7.8</b>
Advanced Info Service	Thailand	Communication Services	8,483	2.5
Bangkok Bank	Thailand	Financials	6,706	2.0
Bangkok Dusit Medical Services	Thailand	Health Care	5,651	1.7
Airports of Thailand	Thailand	Industrials	5,006	1.5
			<b>25,846</b>	<b>7.7</b>
OTP Bank	Hungary	Financials	9,770	2.9
Wizz Air Holdings	Hungary	Industrials	8,735	2.6
MOL Group	Hungary	Energy	4,995	1.5
			<b>23,500</b>	<b>7.0</b>
Cervecerias Unidas	Chile	Consumer Staples	8,744	2.6
Banco Santander Chile	Chile	Financials	6,309	1.9
Empresas CMPC	Chile	Materials	5,184	1.5
			<b>20,237</b>	<b>6.0</b>
Emaar Properties	United Arab Emirates	Real Estate	8,701	2.6
Air Arabia	United Arab Emirates	Industrials	6,224	1.8
			<b>14,925</b>	<b>4.4</b>
National Bank of Greece	Greece	Financials	7,682	2.3
Titan Cement International	Greece	Materials	3,916	1.2
			<b>11,598</b>	<b>3.5</b>
PKO Bank Polski	Poland	Financials	10,651	3.1
			<b>10,651</b>	<b>3.1</b>
Vista Oil & Gas	Argentina	Energy	9,265	2.7
			<b>9,265</b>	<b>2.7</b>
Qatar Gas Transport Company	Qatar	Energy	8,167	2.4
			<b>8,167</b>	<b>2.4</b>
LT Group	Philippines	Industrials	3,800	1.1
Jollibee Foods	Philippines	Consumer Discretionary	3,108	0.9
			<b>6,908</b>	<b>2.0</b>



# Investments

continued

Company	Principal country of operation	Sector	Fair value <sup>1</sup> US\$'000	Gross market exposure as a % of net assets <sup>3</sup>
Copa Airlines	Panama	Industrials	6,868	2.0
			<b>6,868</b>	<b>2.0</b>
Credicorp	Peru	Financials	5,890	1.7
			<b>5,890</b>	<b>1.7</b>
Frontken Corp	Malaysia	Industrials	5,454	1.6
			<b>5,454</b>	<b>1.6</b>
Bank Of Georgia	Georgia	Financials	5,447	1.6
			<b>5,447</b>	<b>1.6</b>
Ecopetrol	Colombia	Energy	4,954	1.5
			<b>4,954</b>	<b>1.5</b>
Eastern Company	Egypt	Consumer Staples	4,759	1.4
			<b>4,759</b>	<b>1.4</b>
Mobile Telecommunications	Kuwait	Communication Services	4,341	1.3
			<b>4,341</b>	<b>1.3</b>
BRD–Groupe Société Générale	Romania	Financials	3,444	1.0
			<b>3,444</b>	<b>1.0</b>
Equity Group	Kenya	Financials	2,411	0.7
			<b>2,411</b>	<b>0.7</b>
Ferrexpo	Ukraine	Materials	909	0.3
			<b>909</b>	<b>0.3</b>
<b>Equity investments</b>			<b>259,875</b>	<b>76.9</b>
BlackRock's Institutional Cash Series plc - US Dollar Liquid Environmentally Aware Fund (Cash Fund)			75,824	22.4
<b>Total investments (including Cash Fund)</b>			<b>335,699</b>	<b>99.3</b>

## CFD portfolio

Company	Principal country of operation	Sector	Fair value <sup>1</sup> US\$'000	Gross market exposure <sup>3</sup> US\$'000	Gross market exposure as a % of net assets <sup>3</sup>
<b>Long positions</b>					
Abdullah Al Othaim Markets	Saudi Arabia	Consumer Staples		12,099	3.6
Saudi Basic Industries Corporation	Saudi Arabia	Materials		11,054	3.3
Elm Company	Saudi Arabia	Information Technology		9,622	2.8
Yanbu National Petrochemical	Saudi Arabia	Materials		8,216	2.4
Arabian Drilling	Saudi Arabia	Energy		6,362	1.9
Saudi British Bank	Saudi Arabia	Financials		3,254	1.0
				<b>50,607</b>	<b>15.0</b>
FPT	Vietnam	Information Technology		9,638	2.9
Vietnam Technological & Commercial	Vietnam	Financials		8,225	2.4
Petrovietnam Drilling & Well Services	Vietnam	Energy		5,772	1.7
Vietnam Dairy Products	Vietnam	Consumer Staples		5,564	1.6
				<b>29,199</b>	<b>8.6</b>
Borouge	United Arab Emirates	Materials		6,914	2.0
Abu Dhabi Commercial Bank	United Arab Emirates	Financials		5,411	1.6
				<b>12,325</b>	<b>3.6</b>
Commercial International Bank	Egypt	Financials		3,432	1.0
				<b>3,432</b>	<b>1.0</b>
Titan Cement International	Greece	Materials		2,575	0.8
				<b>2,575</b>	<b>0.8</b>
Wizz Air Holdings	Hungary	Industrials		1,103	0.3
				<b>1,103</b>	<b>0.3</b>
Ferrexpo	Ukraine	Materials		286	0.1
				<b>286</b>	<b>0.1</b>
<b>Total long CFD positions</b>			<b>3,339</b>	<b>99,527</b>	<b>29.4</b>
<b>Total short CFD positions</b>			<b>(490)</b>	<b>(13,228)</b>	<b>(3.9)</b>
<b>Total CFD portfolio</b>			<b>2,849</b>	<b>86,299</b>	<b>25.5</b>

# Fair value and gross market exposure of investments

as at 31 March 2023

Portfolio	Fair value <sup>1</sup>	Gross market exposure <sup>3</sup>	Gross market exposure as a % of net assets <sup>3</sup>		
	US\$'000	US\$'000	31 March 2023	31 March 2022	30 September 2022
Equity investments (see footnote 1(a) below)	259,875	259,875	76.9	75.8	74.8
Total long CFD positions (see footnote 1(b) below)	3,339	99,527	29.4	35.3	31.3
Total short CFD positions (see footnote 1(b) below)	(490)	(13,228)	(3.9)	(2.3)	(5.2)
<b>Total gross market exposure</b>	<b>262,724</b>	<b>346,174</b>	<b>102.4</b>	<b>108.8</b>	<b>100.9</b>
Cash Fund	75,824	75,824	22.4	23.3	23.6
<b>Total investment and derivatives</b>	<b>338,548</b>	<b>421,998</b>	<b>124.8</b>	<b>132.1</b>	<b>124.5</b>
Cash and cash equivalents <sup>1,2</sup>	6,032	(77,418)	(22.9)	(30.1)	(25.7)
Other net current (liabilities)/assets	(6,400)	(6,400)	(1.9)	(2.0)	1.2
Non-current liabilities	(19)	(19)	0.0	0.0	0.0
<b>Net assets</b>	<b>338,161</b>	<b>338,161</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The nature of the Company's portfolio and the fact the Company gains significant exposure to a number of markets through long and short CFDs means that to the extent the Investment Manager has elected not to be geared, the Company will always hold a level of cash in a money market fund on its balance sheet representative of the difference between the notional cost of purchasing or selling the investments directly and the lower initial cost of making a margin payment on a long or short CFD contract. The Company was geared through the use of long and short CFD positions and gross and net gearing as at 31 March 2023 was 10.2% and 2.4% respectively (31 March 2022: 13.5% and 8.8%; 30 September 2022: 11.3% and 1.0%). Gross and net gearing are Alternative Performance Measures, see Glossary on page 40.

<sup>1</sup> Fair value is determined as follows:

- (a) Listed investments are valued at bid prices where available, otherwise at latest market traded quoted prices.
- (b) The sum of the fair value column for the CFD contracts totaling US\$2,849,000 represents the net fair valuation of all the CFD contracts, which is determined based on the difference between the notional transaction price and market value of the underlying shares in the contract (in effect the unrealised gains/(losses) on the exposed long and short CFD positions). The exposure to securities held through long CFD positions directly in the market would have amounted to US\$96,188,000 at the time of purchase, and subsequent movement in market prices have resulted in unrealised gains on the long CFD positions of US\$3,339,000 resulting in the value of the total long CFD market exposure to the underlying securities increasing to US\$99,527,000 as at 31 March 2023. If the long positions had been closed on 31 March 2023, this would have resulted in a gain of US\$3,339,000 for the Company. The notional exposure of selling the securities gained via the short CFD positions would have been US\$12,738,000 at the time of entering into the contract, and subsequent movement in market prices have resulted in unrealised losses on the short CFD positions of US\$490,000 resulting in the value of the total short CFD market exposure of these investments increasing to US\$13,228,000 at 31 March 2023. If the short positions had been closed on 31 March 2023 this would have resulted in a loss of US\$490,000 for the Company.

<sup>2</sup> The gross market exposure column for cash and cash equivalents has been adjusted to assume the Company purchased/sold direct holdings rather than exposure being gained through long and short CFDs and forward currency positions.

<sup>3</sup> Gross market exposure in the case of equity investments is the same as fair value. In the case of long and short CFDs it is the market value of the underlying shares to which the portfolio is exposed via the contract.



# Interim Management Report and Responsibility Statement

The Chairman's Statement on pages 5 to 7 and the Investment Manager's Report on pages 8 to 10 give details of the important events which have occurred during the period and their impact on the financial statements.

## Principal risks and uncertainties

A detailed explanation of the risks relating to the Company can be divided into various areas as follows:

- Investment Performance Risk;
- Income/Dividend Risk;
- Legal and Regulatory Risk;
- Counterparty Risk;
- Operational Risk;
- Political Risk;
- Financial Risk; and
- Market Risk.

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the year ended 30 September 2022. A detailed explanation can be found in the Strategic Report on pages 37 to 41 and in note 17 on pages 98 to 111 of the Annual Report and Financial Statements which are available on the website maintained by BlackRock at: [www.blackrock.com/uk/brfi](http://www.blackrock.com/uk/brfi).

Certain financial markets have been volatile during the financial period due primarily to continuing geo-political tensions arising from Russia's invasion of Ukraine. The Company has no exposure to Russia and a small exposure of 0.4% of net assets to Ukraine. The Board and the Investment Manager continue to monitor investment performance in line with the Company's investment objectives.

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

## Going concern

The Board remains mindful of the ongoing uncertainty surrounding the potential duration of the Russia-Ukraine conflict and its longer term effects on the global economy and the current heightened geo-political risk. Nevertheless, 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.

Based on the above, the Board is satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The Company has a portfolio of investments which are considered to be readily realisable and is able to meet all of its liabilities from its assets and income generated from them. Ongoing charges (excluding performance fees, finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items) were approximately 1.36% of average daily net assets for the year ended 30 September 2022.

## Related party disclosures and transactions with the AIFM and Investment Manager

BlackRock Fund Managers Limited (BFM) is the Company's Alternative Investment Fund Manager (AIFM) with effect from 2 July 2014. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Both BFM and BIM (UK) are regarded as related parties under the Listing Rules. Details of the management and performance fees payable are set out in note 4 on page 27 and note 14 on page 35. The related party transactions with the Directors are set out in note 13 on page 34.

## Directors' Responsibility Statement

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

The Directors confirm to the best of their knowledge that:

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

The Half Yearly Financial Report has been reviewed by the Company's Auditors.

The Half Yearly Financial Report was approved by the Board on 5 June 2023 and the above Responsibility Statement was signed on its behalf by the Chairman.

### Audley Twiston-Davies

For and on behalf of the Board  
5 June 2023

# Independent Review Report

to the members of BlackRock Frontiers Investment Trust plc

## Conclusion

We have been engaged by BlackRock Frontiers Investment Trust plc (the 'Company') to review the condensed set of financial statements in the Half Yearly Financial Report for the six months ended 31 March 2023 which comprises the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes 1 to 17. We have read the other information contained in the Half Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Yearly Financial Report for the six months ended 31 March 2023 is not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2 on page 25, the annual financial statements of the Company will be prepared in accordance with UK-adopted International Accounting Standards. The condensed set of financial statements included in this Half Yearly Financial Report has been prepared in accordance with UK-adopted International Accounting Standard 34, "Interim Financial Reporting".

## Responsibilities of the Directors

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## Auditor's responsibilities for the review of the financial information

In reviewing the half yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the Half Yearly Financial Report. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

## Use of our report

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

## Ernst & Young LLP

London

5 June 2023

# Statement of Comprehensive Income

for the six months ended 31 March 2023

	Notes	Six months ended 31 March 2023 (unaudited)			Six months ended 31 March 2022 (unaudited)			Year ended 30 September 2022 (audited)		
		Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000
Income from investments held at fair value through profit or loss	3	5,692	–	5,692	4,963	74	5,037	12,369	74	12,443
Net income from contracts for difference	3	927	565	1,492	644	–	644	2,328	–	2,328
Other income	3	171	–	171	1	–	1	55	–	55
<b>Total income</b>		<b>6,790</b>	<b>565</b>	<b>7,355</b>	<b>5,608</b>	<b>74</b>	<b>5,682</b>	<b>14,752</b>	<b>74</b>	<b>14,826</b>
Net profit/(loss) on investments held at fair value through profit or loss		–	41,339	41,339	–	(1,929)	(1,929)	–	(41,473)	(41,473)
Net (loss)/gain on foreign exchange		–	(47)	(47)	–	363	363	–	(205)	(205)
Net profit/(loss) from derivatives		–	424	424	–	11,154	11,154	–	(4,425)	(4,425)
<b>Total</b>		<b>6,790</b>	<b>42,281</b>	<b>49,071</b>	<b>5,608</b>	<b>9,662</b>	<b>15,270</b>	<b>14,752</b>	<b>(46,029)</b>	<b>(31,277)</b>
<b>Expenses</b>										
Investment management and performance fees	4	(357)	(4,192)	(4,549)	(394)	(1,574)	(1,968)	(757)	(3,028)	(3,785)
Other operating expenses	5	(488)	(22)	(510)	(430)	(22)	(452)	(899)	(78)	(977)
<b>Total operating expenses</b>		<b>(845)</b>	<b>(4,214)</b>	<b>(5,059)</b>	<b>(824)</b>	<b>(1,596)</b>	<b>(2,420)</b>	<b>(1,656)</b>	<b>(3,106)</b>	<b>(4,762)</b>
<b>Net profit/(loss) on ordinary activities before finance costs and taxation</b>		<b>5,945</b>	<b>38,067</b>	<b>44,012</b>	<b>4,784</b>	<b>8,066</b>	<b>12,850</b>	<b>13,096</b>	<b>(49,135)</b>	<b>(36,039)</b>
Finance costs	6	(12)	(49)	(61)	(1)	(2)	(3)	(3)	(14)	(17)
<b>Net profit/(loss) on ordinary activities before taxation</b>		<b>5,933</b>	<b>38,018</b>	<b>43,951</b>	<b>4,783</b>	<b>8,064</b>	<b>12,847</b>	<b>13,093</b>	<b>(49,149)</b>	<b>(36,056)</b>
Taxation (charge)/credit	7	(750)	350	(400)	(408)	(4)	(412)	(1,080)	267	(813)
<b>Profit/(loss) for the period</b>		<b>5,183</b>	<b>38,368</b>	<b>43,551</b>	<b>4,375</b>	<b>8,060</b>	<b>12,435</b>	<b>12,013</b>	<b>(48,882)</b>	<b>(36,869)</b>
<b>Earnings/(loss) per ordinary share (cents)</b>	<b>9</b>	<b>2.74</b>	<b>20.26</b>	<b>23.00</b>	<b>2.31</b>	<b>4.26</b>	<b>6.57</b>	<b>6.35</b>	<b>(25.82)</b>	<b>(19.47)</b>

The total columns of this statement represent the Company's Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards (IASs). The supplementary revenue and capital accounts are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period. All income is attributable to the equity holders of the Company.

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

# Statement of Changes in Equity

for the six months ended 31 March 2023

	Note	Called up share capital US\$'000	Capital redemption reserve US\$'000	Special reserve US\$'000	Capital reserves US\$'000	Revenue reserve US\$'000	Total US\$'000
<b>For the six months ended 31 March 2023 (unaudited)</b>							
At 30 September 2022		2,418	5,798	308,804	(22,831)	8,467	302,656
Total comprehensive income:							
Net profit for the period		–	–	–	38,368	5,183	43,551
Transactions with owners, recorded directly to equity:							
Dividends paid <sup>1</sup>	8	–	–	–	–	(8,046)	(8,046)
<b>At 31 March 2023</b>		<b>2,418</b>	<b>5,798</b>	<b>308,804</b>	<b>15,537</b>	<b>5,604</b>	<b>338,161</b>
<b>For the six months ended 31 March 2022 (unaudited)</b>							
At 30 September 2021		2,418	5,798	308,804	26,051	9,707	352,778
Total comprehensive income:							
Net profit for the period		–	–	–	8,060	4,375	12,435
Transactions with owners, recorded directly to equity:							
Dividends paid <sup>2</sup>		–	–	–	–	(8,046)	(8,046)
<b>At 31 March 2022</b>		<b>2,418</b>	<b>5,798</b>	<b>308,804</b>	<b>34,111</b>	<b>6,036</b>	<b>357,167</b>
<b>For the year ended 30 September 2022 (audited)</b>							
At 30 September 2021		2,418	5,798	308,804	26,051	9,707	352,778
Total comprehensive (loss)/income:							
Net (loss)/profit for the year		–	–	–	(48,882)	12,013	(36,869)
Transactions with owners, recorded directly to equity:							
Dividends paid <sup>3</sup>		–	–	–	–	(13,253)	(13,253)
<b>At 30 September 2022</b>		<b>2,418</b>	<b>5,798</b>	<b>308,804</b>	<b>(22,831)</b>	<b>8,467</b>	<b>302,656</b>

<sup>1</sup> Final dividend of 4.25 cents per share for the year ended 30 September 2022, declared on 7 December 2022 and paid on 14 February 2023.

<sup>2</sup> Final dividend of 4.25 cents per share for the year ended 30 September 2021, declared on 1 December 2021 and paid on 11 February 2022.

<sup>3</sup> Final dividend of 4.25 cents per share for the year ended 30 September 2021, declared on 1 December 2021 and paid on 11 February 2022 and an interim dividend of 2.75 cents per share for the year ended 30 September 2022, declared on 26 May 2022 and paid on 24 June 2022.

For information on the Company's distributable reserves, please refer to note 11 on page 31.



# Statement of Financial Position

as at 31 March 2023

	Notes	31 March 2023 (unaudited) US\$'000	31 March 2022 (unaudited) US\$'000	30 September 2022 (audited) US\$'000
<b>Non current assets</b>				
Investments held at fair value through profit or loss	12	335,699	354,120	297,945
<b>Current assets</b>				
Current tax asset		430	408	446
Other receivables		2,856	4,611	1,345
Derivative financial assets held at fair value through profit or loss – contracts for difference	12	3,997	6,474	755
Cash and cash equivalents		6,098	5,820	4,901
Cash collateral pledged with brokers		553	320	7,404
<b>Total current assets</b>		<b>13,934</b>	<b>17,633</b>	<b>14,851</b>
<b>Total assets</b>		<b>349,633</b>	<b>371,753</b>	<b>312,796</b>
<b>Current liabilities</b>				
Other payables		(8,895)	(7,265)	(4,858)
Derivative financial liabilities held at fair value through profit or loss – contract for differences	12	(1,148)	(2,089)	(4,613)
Liability for cash collateral received		(1,410)	(5,213)	(650)
<b>Total current liabilities</b>		<b>(11,453)</b>	<b>(14,567)</b>	<b>(10,121)</b>
<b>Total assets less current liabilities</b>		<b>338,180</b>	<b>357,186</b>	<b>302,675</b>
<b>Non current liabilities</b>				
Management shares of £1.00 each (one quarter paid)		(19)	(19)	(19)
<b>Net assets</b>		<b>338,161</b>	<b>357,167</b>	<b>302,656</b>
<b>Equity attributable to equity holders</b>				
Called up share capital	10	2,418	2,418	2,418
Capital redemption reserve		5,798	5,798	5,798
Special reserve		308,804	308,804	308,804
Capital reserves		15,537	34,111	(22,831)
Revenue reserve		5,604	6,036	8,467
<b>Total equity</b>		<b>338,161</b>	<b>357,167</b>	<b>302,656</b>
<b>Net asset value per ordinary share (cents)</b>	<b>9</b>	<b>178.61</b>	<b>188.65</b>	<b>159.86</b>

The financial statements on pages 21 to 35 were approved and authorised for issue by the Board of Directors on 5 June 2023 and signed on its behalf by Mr Twiston-Davies, Chairman.

BlackRock Frontiers Investment Trust plc

Registered in England, No. 7409667

The notes on pages 25 to 35 form part of these financial statements.

# Cash Flow Statement

for the six months ended 31 March 2023

	31 March 2023 (unaudited) US\$'000	31 March 2022 (unaudited) US\$'000	30 September 2022 (audited) US\$'000
<b>Operating activities</b>			
Net profit/(loss) on ordinary activities before taxation	43,951	12,843	(36,056)
Add back finance costs	61	3	17
Net (profit)/loss on investments held at fair value through profit or loss (including transaction costs)	(41,339)	1,929	41,473
Net (profit)/loss from derivatives (including transaction costs)	(424)	(11,154)	4,425
Financing costs on derivatives	(1,804)	(504)	(1,450)
Net loss/(gain) on foreign exchange	47	(363)	205
Sales of investments held at fair value through profit or loss	84,218	88,020	193,129
Purchases of investments held at fair value through profit or loss	(76,240)	(102,860)	(203,288)
Sales of Cash Fund <sup>1</sup>	78,977	114,354	214,616
Purchases of Cash Fund <sup>1</sup>	(83,371)	(101,418)	(189,800)
Amounts paid for losses on closure of derivatives	(27,288)	(21,803)	(62,302)
Amounts received on profit on closure of derivatives	22,810	34,823	69,002
(Increase)/decrease in other receivables	(2,105)	(1,484)	862
Increase/(decrease) in other payables	4,859	393	(4,680)
Decrease in amounts due from brokers	594	1,097	2,017
Decrease in amounts due to brokers	(822)	(4,725)	(2,059)
Cash collateral pledged with brokers	6,851	10	(7,074)
Cash collateral received from brokers	760	(974)	(5,537)
Taxation paid	(384)	(398)	(841)
<b>Net cash inflow from operating activities</b>	<b>9,351</b>	<b>7,789</b>	<b>12,659</b>
<b>Financing activities</b>			
Interest paid	(61)	(3)	(17)
Dividends paid	(8,046)	(8,046)	(13,253)
<b>Net cash outflow from financing activities</b>	<b>(8,107)</b>	<b>(8,049)</b>	<b>(13,270)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>1,244</b>	<b>(260)</b>	<b>(611)</b>
Effect of foreign exchange rate changes	(47)	363	(205)
<b>Change in cash and cash equivalents</b>	<b>1,197</b>	<b>103</b>	<b>(816)</b>
Cash and cash equivalents at the start of the period	4,901	5,717	5,717
<b>Cash and cash equivalents at the end of the period</b>	<b>6,098</b>	<b>5,820</b>	<b>4,901</b>
<b>Comprised of:</b>			
Cash at bank	6,098	5,820	4,901
	<b>6,098</b>	<b>5,820</b>	<b>4,901</b>

<sup>1</sup> Cash Fund represents investment in the BlackRock Institutional Cash Series plc – US Dollar Liquid Environmentally Aware Fund.

The notes on pages 25 to 35 form part of these financial statements.

# Notes to the Financial Statements

for the six months ended 31 March 2023

## 1. Principal activity

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

## 2. Basis of preparation

The half yearly financial statements for the period ended 31 March 2023 have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority and with the UK-adopted International Accounting Standard 34 (IAS 34), Interim Financial Reporting. The half yearly financial statements should be read in conjunction with the Company's Annual Report and Financial Statements for the year ended 30 September 2022, which have been prepared in accordance with UK-adopted International Accounting Standards (IASs) in conformity with the requirements of the Companies Act 2006.

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts, issued by the Association of Investment Companies (AIC) in October 2019 and updated in July 2022, is compatible with UK-adopted IASs, the financial statements have been prepared in accordance with the guidance set out in the SORP.

### Relevant International Accounting Standards that have yet to be adopted:

**IFRS 17 – Insurance contracts** (effective 1 January 2023). This standard replaces IFRS 4, which currently permits a wide range of accounting practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

This standard is unlikely to have any impact on the Company as it does not issue insurance contracts.

### IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

 (effective 1 January 2023).

The International Accounting Standards Board (IASB) has amended IAS 12 Incomes Taxes to require companies to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. These amendments might have a significant impact on the preparation of financial statements by companies that have substantial balances of right-of-use assets, lease liabilities, decommissioning, restoration and similar liabilities. The impact for those affected would be the recognition of additional deferred tax assets and liabilities.

The amendment of this standard is unlikely to have any significant impact on the Company.

None of the standards that have been issued but are not yet effective are expected to have a material impact on the Company.

# Notes to the Financial Statements

continued

## 3. Income

	Six months ended 31 March 2023 (unaudited) US\$'000	Six months ended 31 March 2022 (unaudited) US\$'000	Year ended 30 September 2022 (audited) US\$'000
<b>Investment income:</b>			
Overseas dividends	4,095	4,500	10,327
Overseas special dividends	245	407	1,329
Interest from Cash Fund	1,352	56	713
<b>Total investment income</b>	<b>5,692</b>	<b>4,963</b>	<b>12,369</b>
Net income from contracts for difference	927	644	2,328
Deposit interest	88	1	55
Interest received on cash collateral	83	-	-
<b>Total income</b>	<b>6,790</b>	<b>5,608</b>	<b>14,752</b>

Dividends and interest received in cash in the six months ended 31 March 2023 amounted to US\$3,047,000 and US\$1,399,000 (six months ended 31 March 2022: US\$3,239,000 and US\$49,000; year ended 30 September 2022: US\$13,766,000 and US\$591,000).

No special dividends from equity investments have been recognised in capital for the six months ended 31 March 2023 (six months ended 31 March 2022: US\$74,000; year ended 30 September 2022: US\$74,000). Special dividends from long contracts for difference of US\$565,000 have been recognised in capital for the six months ended 31 March 2023 (six months ended 31 March 2022: US\$nil; year ended 30 September 2022: US\$nil) and is included within Net income from contracts for difference in the capital account in the Statement of Comprehensive Income.



#### 4. Investment management fee and performance fees

	Six months ended 31 March 2023 (unaudited)			Six months ended 31 March 2022 (unaudited)			Year ended 30 September 2022 (audited)		
	Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000
Investment management fee	357	1,429	1,786	394	1,574	1,968	757	3,028	3,785
Performance fee	–	2,763	2,763	–	–	–	–	–	–
<b>Total</b>	<b>357</b>	<b>4,192</b>	<b>4,549</b>	<b>394</b>	<b>1,574</b>	<b>1,968</b>	<b>757</b>	<b>3,028</b>	<b>3,785</b>

An investment management fee equivalent to 1.10% per annum of the Company's gross assets (defined as the aggregate net assets of the long equity and CFD portfolios of the Company) is payable to the Manager. In addition, the Manager is entitled to receive a performance fee at a rate of 10% of any increase in the net asset value (NAV) at the end of a performance period over and above what would have been achieved had the NAV since launch increased in line with the Benchmark Index, which, since 1 April 2018, is a composite of the MSCI Emerging Markets Index ex Selected Countries + MSCI Frontier Markets Index + MSCI Saudi Arabia Index.

For the purposes of the calculation of the performance fee, the performance of the NAV total return was measured against the performance of the Benchmark Index on a blended basis.

For the six months ended 31 March 2023, the Company's NAV outperformed the Benchmark Index on a US Dollar basis by 10.0% resulting in a cumulative outperformance since launch of 41.6% (six months ended 31 March 2022: underperformed by 7.1%; year ended 30 September 2022: underperformed by 3.6%); therefore, a performance fee of US\$2,763,000 has been accrued (six months ended 31 March 2022: US\$nil; year ended 30 September 2022: US\$nil). Any accrued performance fee is included within other payables in the Statement of Financial Position. Any final performance fee for the full year ending 30 September 2023 will not crystallise and fall due until the calculation date of 30 September 2023.

The performance fee payable in any year is capped at an amount equal to 2.5% or 1.0% of the gross assets if there is any increase or decrease in the NAV per share at the end of the relevant performance period, respectively. Any capped excess outperformance for a period may be carried forward to the next two performance periods, subject to the then applicable annual cap. The performance fee is also subject to a high watermark such that any performance fee is only payable to the extent that the cumulative relative outperformance of the NAV is greater than what would have been achieved had the NAV increased in line with the Benchmark Index since the last date in relation to which a performance fee had been paid.

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

# Notes to the Financial Statements

continued

## 5. Other operating expenses

	Six months ended 31 March 2023 (unaudited) US\$'000	Six months ended 31 March 2022 (unaudited) US\$'000	Year ended 30 September 2022 (audited) US\$'000
<b>Allocated to revenue:</b>			
Custody fee	116	118	274
Auditor's remuneration:			
– audit services	33	26	52
– other assurance services <sup>1</sup>	4	5	7
Registrar's fee	17	16	38
Directors' emoluments <sup>2</sup>	128	109	196
Broker fees	19	20	36
Depository fees <sup>3</sup>	17	14	29
Marketing fees	50	40	76
AIC fees	12	11	22
FCA fees	8	9	16
Printing and postage fees	32	20	35
Employer NI contributions	18	15	22
Stock exchange listings	5	6	12
Legal and professional fees	11	8	18
Write back of prior year expenses <sup>4</sup>	–	(6)	(6)
Other administrative costs	18	19	72
	<b>488</b>	<b>430</b>	<b>899</b>
<b>Allocated to capital:</b>			
Custody transaction charges <sup>5</sup>	22	22	78
	<b>510</b>	<b>452</b>	<b>977</b>

<sup>1</sup> Fees for other assurance services of £3,550 (US\$4,000) (six months ended 31 March 2022: £3,550 (US\$5,000); year ended 30 September 2022: £6,500 (US\$7,000)) relate to the review of the interim financial statements.

<sup>2</sup> For the six months ended 31 March 2023, Directors' emoluments amounted to £104,000 (US\$128,000) (six months ended 31 March 2022: £83,000 (US\$109,000); year ended 30 September 2022: £177,000 (US\$196,000)). Further information on Directors' emoluments can be found in the Directors' Remuneration Report on page 62 of Company's Annual Report and Financial Statements for the year ended 30 September 2022. The Company has no employees.

<sup>3</sup> All expenses other than depository fees are paid in British Pound Sterling and are therefore subject to exchange rate fluctuations.

<sup>4</sup> Relates to Directors' expenses and miscellaneous fees written back during the six months ended 31 March 2022 and the year ended 30 September 2022.

<sup>5</sup> For the six month period ended 31 March 2023, expenses of £18,000 (US\$22,000) (six months ended 31 March 2022: £17,000 (US\$22,000); year ended 30 September 2022: £70,000 (US\$78,000)) were charged to the capital account of the Statement of Comprehensive Income. These relate to transaction costs charged by the custodian on sale and purchase trades.

The transaction costs incurred on the acquisition of investments amounted to US\$102,000 for the six months ended 31 March 2023 (six months ended 31 March 2022: US\$170,000; year ended 30 September 2022: US\$282,000). Costs relating to the disposal of investments amounted to US\$138,000 for the six months ended 31 March 2023 (six months ended 31 March 2022: US\$120,000; year ended 30 September 2022: US\$378,000). All transaction costs have been included within the capital reserve.

## 6. Finance costs

	Six months ended 31 March 2023 (unaudited)			Six months ended 31 March 2022 (unaudited)			Year ended 30 September 2022 (audited)		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Interest paid on bank overdraft	–	–	–	1	2	3	3	14	17
Interest paid on cash collateral	12	49	61	–	–	–	–	–	–
<b>Total</b>	<b>12</b>	<b>49</b>	<b>61</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>14</b>	<b>17</b>

## 7. Taxation

Analysis of charge/(credit) for the period:

	Six months ended 31 March 2023 (unaudited)			Six months ended 31 March 2022 (unaudited)			Year ended 30 September 2022 (audited)		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Current taxation:</b>									
Corporation tax	350	(350)	–	–	–	–	271	(271)	–
Overseas tax	400	–	400	408	4	412	809	4	813
<b>Total taxation charge/(credit)</b>	<b>750</b>	<b>(350)</b>	<b>400</b>	<b>408</b>	<b>4</b>	<b>412</b>	<b>1,080</b>	<b>(267)</b>	<b>813</b>

## 8. Dividends

The Board has declared an interim dividend of 3.10 cents per share for the period ended 31 March 2023 which will be paid on 7 July 2023 to shareholders on the register at 16 June 2023 (interim dividend for the six months ended 31 March 2022: 2.75 cents per share). This dividend has not been accrued in the financial statements for the six months ended 31 March 2023 as, under IAS, interim dividends are not recognised until paid. Dividends are debited directly to reserves.

# Notes to the Financial Statements

continued

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

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

	Six months ended 31 March 2023 (unaudited)	Six months ended 31 March 2022 (unaudited)	Year ended 30 September 2022 (audited)
Net revenue profit attributable to ordinary shareholders (US\$'000)	5,183	4,375	12,013
Net capital profit/(loss) attributable to ordinary shareholders (US\$'000)	38,368	8,060	(48,882)
<b>Total profit/(loss) attributable to ordinary shareholders (US\$'000)</b>	<b>43,551</b>	<b>12,435</b>	<b>(36,869)</b>
<b>Equity shareholders' funds (US\$'000)</b>	<b>338,161</b>	<b>357,167</b>	<b>302,656</b>
The weighted average number of ordinary shares in issue during the period on which the return per ordinary share was calculated was:	189,325,748	189,325,748	189,325,748
The actual number of ordinary shares in issue at the period end on which the net asset value per ordinary share was calculated was:	189,325,748	189,325,748	189,325,748
<b>Earnings per share</b>			
Revenue earnings per share (cents) – basic and diluted	2.74	2.31	6.35
Capital earnings/(loss) per share (cents) – basic and diluted	20.26	4.26	(25.82)
<b>Total earnings/(loss) per share (cents) – basic and diluted</b>	<b>23.00</b>	<b>6.57</b>	<b>(19.47)</b>
	As at 31 March 2023 (unaudited)	As at 31 March 2022 (unaudited)	As at 30 September 2022 (audited)
Net asset value per ordinary share (cents)	178.61	188.65	159.86
Ordinary share price (cents) <sup>1</sup>	166.30	169.19	142.61
Net asset value per ordinary share (pence) <sup>2</sup>	144.45	143.29	143.21
Ordinary share price (pence)	134.50	128.50	127.75

<sup>1</sup> The Company's share price is quoted in British Pound Sterling and the above represents the US Dollar equivalent, based on an exchange rate of US\$1.2365 to £1 at 31 March 2023 (31 March 2022: US\$1.3166 to £1; 30 September 2022: US\$1.1163 to £1).

<sup>2</sup> Based on an exchange rate of US\$1.2365 to £1 at 31 March 2023 (31 March 2022: US\$1.3166 to £1; 30 September 2022: US\$1.1163 to £1).



## 10. Called up share capital

	Ordinary shares in issue number	Treasury shares number	Total shares number	Nominal value US\$'000
<b>Allotted, called up and fully paid share capital comprised:</b>				
<b>Ordinary shares of 1 cent each:</b>				
At 30 September 2022	189,325,748	52,497,053	241,822,801	2,418
<b>At 31 March 2023</b>	<b>189,325,748</b>	<b>52,497,053</b>	<b>241,822,801</b>	<b>2,418</b>

The Company also has in issue 50,000 management shares which carry the right to a fixed cumulative preferred dividend. Additional information is given in note 14 to the Annual Report and Financial Statements for the year ended 30 September 2022.

During the six months ended 31 March 2023, the Company did not issue any ordinary shares (six months ended 31 March 2022 and year ended 30 September 2022: none).

Since 31 March 2023 and up to the date of this report, no ordinary shares have been issued or bought back.

## 11. Reserves

The share premium account and capital redemption reserve are not distributable reserves under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the special reserve and capital reserve may be used as distributable reserves for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments such as dividends. In accordance with the Company's Articles of Association, the special reserve, capital reserve and revenue reserve may be distributed by way of dividend. The gain on the capital reserve arising on the revaluation of investments of US\$2,665,000 (six months ended 31 March 2022: gain of US\$6,840,000; year ended 30 September 2022: loss of US\$44,579,000) is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable. The investments are subject to financial risks, as such capital reserves (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments.

The Company's share premium account was cancelled in 2021 pursuant to shareholders' approval of a special resolution at the Company's Annual General Meeting on 2 February 2021 and Court approval on 11 March 2021. The share premium account, which totalled US\$165,984,000, was transferred to the special reserve.

## 12. Financial risks and valuation of financial instruments

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

### Market risk arising from price risk

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

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

# Notes to the Financial Statements

continued

## 12. Financial risks and valuation of financial instruments continued

### Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investments and derivatives) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note 2(g) as set out on page 88 of the Company's Annual Report and Financial Statements for the year ended 30 September 2022.

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

The fair value hierarchy has the following levels:

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

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

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

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

Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

As at the period end the CFDs were valued using the underlying equity bid price and the inputs to the valuation were the exchange rates used to convert the CFD valuation from the relevant local currency in which the underlying equity was priced to US Dollars at the period end date. There have been no changes to the valuation technique since the previous year or as at the date of this report.

Contracts for difference and forward currency contracts have been classified as Level 2 investments as their valuation has been based on market observable inputs represented by the market prices of the underlying quoted securities to which these contracts expose the Company.

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

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

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

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

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

### Fair values of financial assets and financial liabilities

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

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

<b>Financial assets/(liabilities) at fair value through profit or loss at 31 March 2023 (unaudited)</b>	<b>Level 1 US\$'000</b>	<b>Level 2 US\$'000</b>	<b>Level 3 US\$'000</b>	<b>Total US\$'000</b>
<b>Assets:</b>				
Equity investments	259,875	–	–	259,875
Cash Fund	75,824	–	–	75,824
Contracts for difference (fair value)	–	3,997	–	3,997
<b>Liabilities:</b>				
Contracts for difference (fair value)	–	(1,148)	–	(1,148)
	<b>335,699</b>	<b>2,849</b>	<b>–</b>	<b>338,548</b>

<b>Financial assets/(liabilities) at fair value through profit or loss at 31 March 2022 (unaudited)</b>	<b>Level 1 US\$'000</b>	<b>Level 2 US\$'000</b>	<b>Level 3 US\$'000</b>	<b>Total US\$'000</b>
<b>Assets:</b>				
Equity investments	270,823	–	–	270,823
Cash Fund	83,297	–	–	83,297
Contracts for difference (fair value)	–	6,474	–	6,474
<b>Liabilities:</b>				
Contracts for difference (fair value)	–	(2,089)	–	(2,089)
	<b>354,120</b>	<b>4,385</b>	<b>–</b>	<b>358,505</b>

<b>Financial assets/(liabilities) at fair value through profit or loss at 30 September 2022 (audited)</b>	<b>Level 1 US\$'000</b>	<b>Level 2 US\$'000</b>	<b>Level 3 US\$'000</b>	<b>Total US\$'000</b>
<b>Assets:</b>				
Equity investments	226,530	–	–	226,530
Cash Fund	71,415	–	–	71,415
Contracts for difference (fair value)	–	755	–	755
<b>Liabilities:</b>				
Contracts for difference (fair value)	–	(4,613)	–	(4,613)
	<b>297,945</b>	<b>(3,858)</b>	<b>–</b>	<b>294,087</b>

There were no transfer between levels of financial assets and financial liabilities recorded at fair value during the six months ended 31 March 2023, six months ended 31 March 2022 or the year ended 30 September 2022. The Company held no Level 3 securities during the six months ended 31 March 2023.

# Notes to the Financial Statements

continued

## 13. Related party disclosure

### Directors' emoluments

The Board consists of six non-executive Directors, all of whom are considered to be independent of the Manager by the Board. None of the Directors has a service contract with the Company. With effect from 1 October 2022, the Chairman receives an annual fee of £42,000, the Chairman of the Audit and Management Engagement Committee receives an annual fee of £35,000 and each of the other Directors receives an annual fee of £30,500.

As at 31 March 2023, an amount of US\$21,000 (£17,000) was outstanding in respect of Directors' fees (31 March 2022: US\$20,000 (£15,000); 30 September 2022: US\$17,000 (£15,000)).

At the period end, members of the Board, including any connected persons, held ordinary shares in the Company as set out below:

	Ordinary shares
Audley Twiston-Davies (Chairman)	128,935
Elisabeth Airey	75,000
Katrina Hart <sup>1</sup>	39,789
Lucy Taylor-Smith	Nil
Stephen White	30,000
Sarmad Zok	Nil

<sup>1</sup> 9,780 ordinary shares are held on behalf of Mrs Hart's dependents.

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

The transactions with the Investment Manager and AIFM are stated in note 14.

### Significant holdings

The following investors are:

- funds managed by the BlackRock Group or are affiliates of BlackRock Inc. ("Related BlackRock Funds"); or
- investors (other than those listed in (a) above) who held more than 20% of the voting shares in issue in the Company and are as a result, considered to be related parties to the Company ("Significant Investors").

#### As at 31 March 2023

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
8.1%	n/a	n/a

#### As at 31 March 2022

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
4.7%	n/a	n/a

## 14. Transactions with the Investment Manager and AIFM

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of this investment management contract are disclosed on pages 50 and 51 of the Directors' Report in the Company's Annual Report and Financial Statements for the year ended 30 September 2022.

The investment management fee due for the six months ended 31 March 2023 amounted to US\$1,786,000 (six months ended 31 March 2022: US\$1,968,000; year ended 30 September 2022: US\$3,785,000). The performance fee accrued for the six months ended 31 March 2023 is US\$2,763,000 (six months ended 31 March 2022: US\$nil; year ended 30 September 2022: US\$nil).

At the period end, US\$2,669,000 was outstanding in respect of management fees (31 March 2022: US\$1,968,000; 30 September 2022: US\$882,000) and US\$2,763,000 was accrued in respect of performance fees (31 March 2022: US\$3,815,000; 30 September 2022: US\$nil). Any final performance fee for the full year ending 30 September 2023 will not crystallise and fall due until the calculation date of 30 September 2023.

In addition to the above services, BIM (UK) has provided the Company with marketing services. The total fees paid or payable for these services to 31 March 2023 amounted to US\$50,000 excluding VAT (six months ended 31 March 2022: US\$40,000; year ended 30 September 2022: US\$76,000). Marketing fees of US\$103,000 excluding VAT (31 March 2022: US\$104,000; 30 September 2022: US\$53,000) were outstanding as at 31 March 2023.

The Company has an investment in the BlackRock Institutional Cash Series plc – US Dollar Liquid Environmentally Aware Fund of US\$75,824,000 as at 31 March 2023 which is a fund managed by a company within the BlackRock Group (31 March 2022: US\$83,297,000; 30 September 2022: US\$71,415,000).

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

## 15. Contingent liabilities

There were no contingent liabilities at 31 March 2023 (six months ended 31 March 2022: none; year ended 30 September 2022: none).

## 16. Publication of non statutory accounts

The financial information contained in this half yearly report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the six months ended 31 March 2023 and 31 March 2022 has not been audited.

The information for the year ended 30 September 2022 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies, unless otherwise stated. The report of the auditors on those accounts contained no qualifications or statement under Sections 498(2) or 498 (3) of the Companies Act 2006.

## 17. Annual results

The Board expects to announce the annual results for the year ending 30 September 2023 in early December 2023.

Copies of the annual results announcement can be obtained from the Secretary on 020 7743 3000 or at cosec@blackrock.com. The Annual Report should be available by late December 2023 with the Annual General Meeting being held in February 2024.



# Directors



**Audley Twiston-Davies**  
**Chairman**

(Appointed 23 November 2010)

He was formerly Chairman of the Governors of the Haberdashers Monmouth Schools, and the Chairman of Taylor Young Investment Management Limited, non-executive Director and Chairman of TR European Growth Trust plc and Kazimir Russian Growth Fund. He was also the Chief Executive Officer of F&C Emerging Markets Limited.



**Sarmad Zok**  
**Director**

(Appointed 8 February 2011)

CEO of Kingdom Hotel Investments (UK) Ltd and a director on the boards of Four Seasons Hotels and Resorts, AccorHotels and Kingdom Holding Company. Mr Zok is an active member of the boards of the hotel management companies he sits on, being directly engaged on strategy, product, operations/guest experience, growth and value creation. In his early career, Mr Zok worked at HVS International and Hilton International. He holds a Bachelor of Science in Hotel Management from the University of Surrey and a Master of Arts in Property Valuation and Law from City University Business School in London.



**Stephen White**  
**Audit and Management Engagement Committee**  
**Chairman** (with effect from 22 November 2016)

(Appointed 13 July 2016)

Currently a non-executive Director of Polar Capital Technology Trust plc, Henderson Eurotrust plc and Chairman of Brown Advisory US Smaller Companies plc. He was formerly a non-executive director of Aberdeen New India Investment Trust plc, JP Morgan European Discovery Trust plc, Global Special Opportunities Trust plc, Head of European and US Equities at British Steel Pension Fund, Head of European Equities at F&C Investment Management, Manager of F&C Eurotrust plc and Deputy Manager of the F&C Investment Trust plc. Prior to joining F&C in 1985, he held positions at Hill Samuel Asset Management, Phillips & Drew and PriceWaterhouse. He is a Chartered Accountant.



**Katrina Hart**  
**Senior Independent Director**

(Appointed 1 October 2019)

Currently a non-executive director of Keystone Positive Change Investment Trust plc, AEW UK REIT plc, JPMorgan UK Smaller Companies Investment Trust plc and Montanaro Asset Management Limited. She was formerly a non-executive director of Premier Miton Group plc and Polar Capital Global Financials Trust plc. Mrs Hart spent her executive career in investment banking, advising, analysing and commentating on a broad range of businesses. Initially working in corporate finance at ING Barings and Hawkpoint Partners, she then moved into equities research at HSBC, covering the General Financials sector. Latterly, Mrs Hart headed up the Financials research teams at Bridgewell Group plc and Canaccord Genuity, specialising in wealth and asset managers.



**Elisabeth Airey**  
**Director**

(Appointed 10 December 2021)

Currently Chairman of abrdn UK Smaller Companies Growth Trust plc, Chairman of Rolls-Royce UK Pension Fund Trustees Limited, a non-executive Director of Kirk Lovegrove & Company Limited and a member of the advisory board of Ownership Capital. She is also a member of the Investments Committee of the Royal Horticultural Society. Previously she was non-executive Chairman of Jupiter Fund Management plc, a non-executive Director of Tate & Lyle plc and a non-executive Director of Dunedin Enterprise Investment Trust plc. In her executive career she was Finance Director of Monument Oil and Gas plc, a post she held from 1990 until the sale of the company to Lasmo plc in 1999.



**Lucy Taylor-Smith**  
**Director**

(Appointed 10 December 2021)

Previously Global Head of Strategy with Standard Chartered Bank based in Singapore. Prior to this, she was Chief Strategy Officer and a member of the Executive Committee at Manulife Asia, and Chairman of Manulife Singapore, as well as Chief Strategy Officer and Board Director for Prudential Corporation Asia. She also spent 13 years with UBS advising companies on a wide range of strategic initiatives and corporate transactions encompassing mergers and acquisitions, equity and debt capital markets deals, culminating in her position as Executive Director of Corporate Broking.

# Management and other service providers

## Registered Office

(Registered in England, No. 07409667)  
12 Throgmorton Avenue  
London EC2N 2DL

## Independent Auditor

Ernst & Young LLP  
25 Churchill Place  
London E14 5EY

## Alternative Investment Fund Manager

BlackRock Fund Managers Limited<sup>1</sup>  
12 Throgmorton Avenue  
London EC2N 2DL  
Telephone: 020 7743 3000

## Stockbrokers

Winterflood Securities Limited<sup>1</sup>  
The Atrium Building  
Cannon Bridge House  
25 Dowgate Hill  
London EC4R 2GA

## Investment Manager and Company Secretary

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

## Solicitors

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

## Depository, Custodian and Fund Accountant

The Bank of New York Mellon (International) Limited<sup>1</sup>  
160 Queen Victoria Street  
London EC4V 4LA

## Registrar

Computershare Investor Services PLC<sup>1</sup>  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ  
Telephone: 0370 707 4027

<sup>1</sup> Authorised and regulated by the Financial Conduct Authority.

# Glossary

## Alternative Performance Measure (APM)

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

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

## Benchmark Index

The Company's Benchmark Index, used for performance comparative purposes is the MSCI Emerging Markets Index ex Selected Countries + MSCI Frontier Markets Index + MSCI Saudi Arabia Index.

Benchmark Index outperformance/underperformance is measured by comparing the Company's net asset value return (NAV) total return, with the performance of the Benchmark Index on a total return basis.

For the six months ended 31 March 2023, the Company's NAV total return was +14.5% (six months ended 31 March 2022: +3.6%; year ended 30 September 2022: -10.9%) and the net total return of the Benchmark Index was +4.5% (six months ended 31 March 2022: +10.7%; year ended 30 September 2022: -7.3%), therefore the Company's NAV outperformed the Benchmark Index by 10.0% (six months ended 31 March 2022: underperformed by 7.1%; year ended 30 September 2022: underperformed by 3.6%).

## 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.

## Contracts for difference (CFD)

A CFD is an agreement to exchange the difference in value of a particular share or index between the time at which a contract is opened and the time at which it is closed. A CFD allows an investor to gain access to the movement in the share price by putting down a small amount of cash known as a margin which can range between 1% and up to 80% of the market value of the underlying security.

CFDs do not have an expiry date like options or futures contracts. As opposed to an expiry date a CFD is effectively renewed at the close of each trading day and rolled forward if desired.

## Discount and premium\*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. As at 31 March 2023, the US Dollar equivalent share price was 166.30c (31 March 2022: 169.19c; 30 September 2022: 142.61c) and the cum income NAV was 178.61c (31 March 2022: 188.65c; 30 September 2022: 159.86c), therefore the discount was 6.9% (31 March 2022: 10.3%; 30 September 2022: 10.8%) (please see note 9 of the financial statements on page 30 for the inputs to the calculation).

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 370c and the NAV 365c, the premium would be 1.4%.

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

\* Alternative Performance Measure.

# Glossary

continued

## Gearing and borrowings\*

The Company may achieve gearing through borrowings or the effect of gearing through an appropriate balance of equity capital, investment in derivatives and structured financial instruments, and borrowings. The maximum exposure the Company may have to derivatives and structured financial instruments for investment purposes and efficient portfolio

management purposes, in aggregate, is 140% of the Company's net assets. The Company may use borrowings and enter into derivative transactions that have the effect of gearing the Company's portfolio to enhance performance.

The Company's gross and net gearing through the use of long and short CFD positions as at 31 March 2023, 31 March 2022 and 30 September 2022 is set out in the table below.

<b>Gross and net gearing</b>	<b>Page</b>	<b>31 March 2023 US\$'000 (unaudited)</b>	<b>31 March 2022 US\$'000 (unaudited)</b>	<b>30 September 2022 US\$'000 (audited)</b>	
Equity investments	18	259,875	270,823	226,530	(a)
Long CFD exposures	18	99,527	126,153	94,779	(b)
Short CFD exposures	18	13,228	8,292	15,624	(c)
Gross geared exposure (d = a + b + c)		372,630	405,268	336,933	(d)
Net geared exposure (e = a + b - c)		346,174	388,684	305,685	(e)
Net assets	23	338,161	357,167	302,656	(f)
<b>Gross gearing % of net assets (g = (d - f)/f x 100) (%)</b>		<b>10.2</b>	<b>13.5</b>	<b>11.3</b>	<b>(g)</b>
<b>Net gearing % of net assets (h = (e - f)/f x 100) (%)</b>		<b>2.4</b>	<b>8.8</b>	<b>1.0</b>	<b>(h)</b>

## Gross market exposure and net market exposure

Market exposure gained through a CFD contract refers to the gross market value of the underlying securities to which the investor is exposed through the CFD contract.

Gross exposure refers to the total exposure the investor has through both long and short positions added together. For example, an investor who has 110% long market exposure through CFDs and 20% short market exposure through CFDs has gross market exposure of 130%.

Net exposure refers to the exposure the investor has through long positions less any short positions. For example, an investor who has 110% long market exposure through CFDs and 20% short market exposure through CFDs has net market exposure of 90%; this method of measurement is looking at the net directional market exposure and takes into account the fact that long and short positions theoretically offset one another when the market moves in a particular direction.

## 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

\* Alternative Performance Measure.

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

The Company is leveraged in accordance with the methodology set out in the AIFMD, as at 31 March 2023, however all derivative positions were backed by cash and the Company was not geared from this perspective, nor was it geared using the calculation methodology adopted and recommended by the AIC.

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

Performance statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The calculation 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). Details of the calculation are set out in the tables that follow and are cross referenced in the tables to the pages where the inputs to the calculation can be located.



<b>NAV total return – US Dollar</b>	<b>Page</b>	<b>Six months ended 31 March 2023 (unaudited)</b>	<b>Six months ended 31 March 2022 (unaudited)</b>	<b>Year ended 30 September 2022 (audited)</b>
Closing NAV per share (cents)	30	178.61	188.65	159.86
Add back interim and final dividends (cents)	22	4.25	4.25	7.00
Effect of dividend reinvestment (cents)		0.20	0.06	(0.82)
Adjusted closing NAV (cents)		183.06	192.96	166.04 (a)
Opening NAV per share (cents)	30	159.86	186.33	186.33 (b)
<b>NAV total return (c = ((a - b)/b)) (%)</b>		<b>14.5</b>	<b>3.6</b>	<b>(10.9) (c)</b>

<b>NAV total return – British Pound Sterling</b>	<b>Page</b>	<b>Six months ended 31 March 2023 (unaudited)</b>	<b>Six months ended 31 March 2022 (unaudited)</b>	<b>Year ended 30 September 2022 (audited)</b>
Closing NAV per share (pence) <sup>1</sup>	30	144.45	143.29	143.21
Add back interim and final dividends (pence)	22	3.44	3.17	5.37
Effect of dividend reinvestment (pence)		0.02	0.13	0.20
Adjusted closing NAV (pence)		147.91	146.59	148.78 (a)
Opening NAV per share (pence)	30	143.21	138.19	138.19 (b)
<b>NAV total return (c = ((a - b)/b)) (%)</b>		<b>3.3</b>	<b>6.1</b>	<b>7.7 (c)</b>

<sup>1</sup> Based on an exchange rate of US\$1.2365 to £1 at 31 March 2023 (31 March 2022: US\$1.3166; 30 September 2022: US\$1.1163).

<b>Share price total return – US Dollar</b>	<b>Page</b>	<b>Six months ended 31 March 2023 (unaudited)</b>	<b>Six months ended 31 March 2022 (unaudited)</b>	<b>Year ended 30 September 2022 (audited)</b>
Closing share price (cents) <sup>1</sup>	30	166.30	169.19	142.61
Add back interim and final dividends (cents)	22	4.25	4.25	7.00
Effect of dividend reinvestment (cents)		0.28	(0.11)	(1.02)
Adjusted closing share price (cents)		170.83	173.33	148.59 (a)
Opening share price (cents) <sup>1</sup>	30	142.61	165.18	165.18 (b)
<b>Share price total return (c = ((a - b)/b)) (%)</b>		<b>19.8</b>	<b>4.9</b>	<b>(10.0) (c)</b>

<sup>1</sup> Based on an exchange rate of US\$1.2365 to £1 at 31 March 2023 (31 March 2022: US\$1.3166; 30 September 2022: US\$1.1163).

<b>Share price total return – British Pound Sterling</b>	<b>Page</b>	<b>Six months ended 31 March 2023 (unaudited)</b>	<b>Six months ended 31 March 2022 (unaudited)</b>	<b>Year ended 30 September 2022 (audited)</b>
Closing share price (pence)	30	134.50	128.50	127.75
Add back interim and final dividends (pence)	22	3.44	3.17	5.37
Effect of dividend reinvestment (pence)		0.08	(0.00)	0.02
Adjusted closing share price (pence)		138.02	131.67	133.14 (a)
Opening share price (pence)	30	127.75	122.50	122.50 (b)
<b>Share price total return (c = ((a - b)/b)) (%)</b>		<b>8.0</b>	<b>7.5</b>	<b>8.7 (c)</b>

<sup>1</sup> Based on an exchange rate of US\$1.2365 to £1 at 31 March 2023 (31 March 2022: US\$1.3166 to £1; 30 September 2022: US\$1.1163 to £1).

\* Alternative Performance Measure.

# Glossary

continued

## 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 March 2023, equity shareholders' funds were worth US\$338,161,000 (31 March 2022: US\$357,167,000; 30 September 2022: US\$302,656,000) and there were 189,325,748 (31 March 2022 and 30 September 2022: 189,325,748) ordinary shares in issue (excluding treasury shares); the undiluted cum income NAV was therefore 178.61 cents (31 March 2022: 188.65 cents; 30 September 2022: 159.86 cents) 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 March 2023, equity shareholders' funds less the current year net revenue return amounted to US\$332,981,000 (31 March 2022: US\$352,792,000; 30 September 2022: US\$295,850,000) and there were 189,325,748 (31 March 2022 and 30 September 2022: 189,325,748) ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 175.84 cents (31 March 2022: 186.34 cents; 30 September 2022: 156.27 cents).

Equity shareholders' funds (excluding current period revenue) of US\$332,981,000 (31 March 2022: US\$352,792,000; 30 September 2022: US\$295,850,000) are calculated by deducting from the Company's net assets US\$338,161,000 (31 March 2022: US\$357,167,000; 30 September 2022: US\$302,656,000) its current period revenue US\$5,180,000 (31 March 2022: US\$4,375,000; 30 September 2022: US\$12,013,000) and adding back the interim dividends US\$nil (31 March 2022: US\$nil; 30 September 2022: US\$5,207,000) paid.

\* Alternative Performance Measure.

## Ongoing charges ratio\*

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

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

As recommended by the AIC in its guidance, ongoing charges are the Company's management fee and all other operating expenses (excluding performance fees, finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, write back of prior year expenses and certain non-recurring items) expressed as a percentage of the average daily net assets of the Company during the year.

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

Ongoing charges calculation	Page	Year ended 30 September 2022 US\$'000 (audited)	Year ended 30 September 2021 US\$'000 (audited)	
Management fee	27	3,785	3,884	
Other operating expenses <sup>1</sup>	28	905	891	
Total management fee and other operating expenses		4,690	4,775	(a)
Performance fee	27	–	3,815	(b)
Total management and performance fees and other operating expenses (c = a + b)		4,690	8,590	(c)
Average daily net assets in the year		343,628	351,590	(d)
<b>Ongoing charges in the year excluding performance fees (e = a/d x 100)%</b>		<b>1.36</b>	<b>1.36</b>	<b>(e)</b>
<b>Ongoing charges in the year including performance fees (f = c/d x 100)%</b>		<b>1.36</b>	<b>2.44</b>	<b>(f)</b>

<sup>1</sup> Excluding the write back of prior year expenses totalling £6,000.

## Participatory notes (P-Notes)

Participatory notes issued by certain counterparty banks are designed to offer the holder a return linked to the performance of a particular underlying equity security or market, and used where direct investment in the relevant underlying equity security or market is not possible for regulatory or other reasons.

## Quoted securities and unquoted securities

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

## Revenue profit and revenue reserves

Revenue profit is the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Company. 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.

## Short and long exposures

CFDs enable an investor to benefit from the price of a stock falling as well as rising. This enables the investor to benefit from negative as well as positive views on individual stocks. Entering into a CFD that results in a profit where the share price movement falls is referred to as taking a short position. The counterparty pays the investor interest on the cash deposited with it which collateralises the short positions and deductions are made from the value of the short CFD contract in respect of dividends payable in relation to these stocks.

Entering into a CFD contract that results in a profit if the price of the stock rises is referred to as taking a long position. The investor pays a financing charge on long positions and receives payments from the counterparty in respect of dividends payable in relation to these long positions.

## Treasury shares

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

## Yield\*

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

Yield	Page	31 March 2023 (unaudited)	31 March 2022 (unaudited)	30 September 2022 (audited)	
Interim and final dividends paid/payable (cents) <sup>1</sup>	22	7.35	7.00	7.00	(a)
Ordinary share price (cents)	30	166.30	169.19	142.61	(b)
<b>Yield (c = a/b) (%)</b>		<b>4.4</b>	<b>4.1</b>	<b>4.9</b>	<b>(c)</b>

<sup>1</sup> Comprising dividends declared/paid for the twelve months to 31 March 2023, 31 March 2022 and 30 September 2022.

\* Alternative Performance Measure.

# Share fraud warning

## Be ScamSmart



### Investment scams are designed to look like genuine investments



#### Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

#### Avoid investment fraud

**1 Reject cold calls**

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

**2 Check the FCA Warning List**

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

**3 Get impartial advice**

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

#### Report a scam

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

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

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

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

SGN001

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