BlackRock

# BlackRock Income and Growth Investment Trust plc

Annual Report and Financial Statements 31 October 2023


## Keeping in touch

We know how important it is to receive up-to-date information about the Company.

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/brig.

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

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

# Financial highlights

as at 31 October 2023

**194.90p**
Net asset value (NAV) per ordinary share
**▲5.2%[1,2]**

**8413.70**
Benchmark Index
**▲5.9%[1]**

**178.00p**
Ordinary share price
**▲8.1%[1,2]**

**£40.2m**
Net assets
**▼1.0%**

**7.40p**
Total dividends
**+1.4%**

**4.2%[2,3]**
Yield

**6.54p**
Revenue earnings per ordinary share
**▼3.4%[2]**

The above financial highlights are at 31 October 2023 and percentage comparisons are against 31 October 2022.

1 NAV, mid-market share price and Benchmark Index performance are calculated in Pound Sterling terms with dividends reinvested.
2 Alternative Performance Measures, see Glossary on pages 124 to 127.
3 Based on dividends paid and declared for the year ended 31 October 2023 and share price as at 31 October 2023.

← Centrica was a significant contributor to performance during the year. Shares more than doubled in value on the back of significant cash generation that led to substantial capital returns.

PHOTO COURTESY OF CENTRICA PLC

# Why BlackRock Income and Growth Investment Trust plc?

## Investment objective

The Company's objective is to provide growth in capital and income over the long term through investment in a diversified portfolio of principally UK listed equities.

## Reasons to invest

### Strong and differentiated portfolio

The majority of holdings are companies which generate high returns and sustainable free cash flow growth. We also buy companies with strong long-term growth potential where there are high barriers to entry. Up to 10% of the portfolio is in turnaround companies where we see significant recovery and return potential.

### Long-term focus

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

### Closed-end structure

Investment trusts have an independent Board of Directors elected to protect shareholders' interests and enhance shareholder value. The closed-end structure means the Company does not have to sell assets to meet redemptions and can also retain a proportion of its income to help smooth dividend payments. It can also use gearing with the aim of increasing returns over time and can invest for the long term.

### Expertise and idea generation

The Company is managed by Adam Avigdori and David Goldman who sit on BlackRock's Fundamental Active Equity team and benefit 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 it invests. The team also generates investment ideas using a diverse range of sources, including BlackRock's research platform.

### Flexible investment strategy

The portfolio managers are unconstrained by any investment style, making stock selection flexible and dynamic and are therefore able to adapt to changes in the market and to take advantage of opportunities as they may arise.

### High conviction approach

A concentrated, high conviction portfolio which aims to provide a growing income and ensures the portfolio managers' best ideas contribute significantly to returns. Approximately 70% of the portfolio is invested in high cash flow generating companies which we believe can grow their dividends over time.

aic
The Association of Investment Companies

**A member of the Association of Investment Companies**

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

# Contents

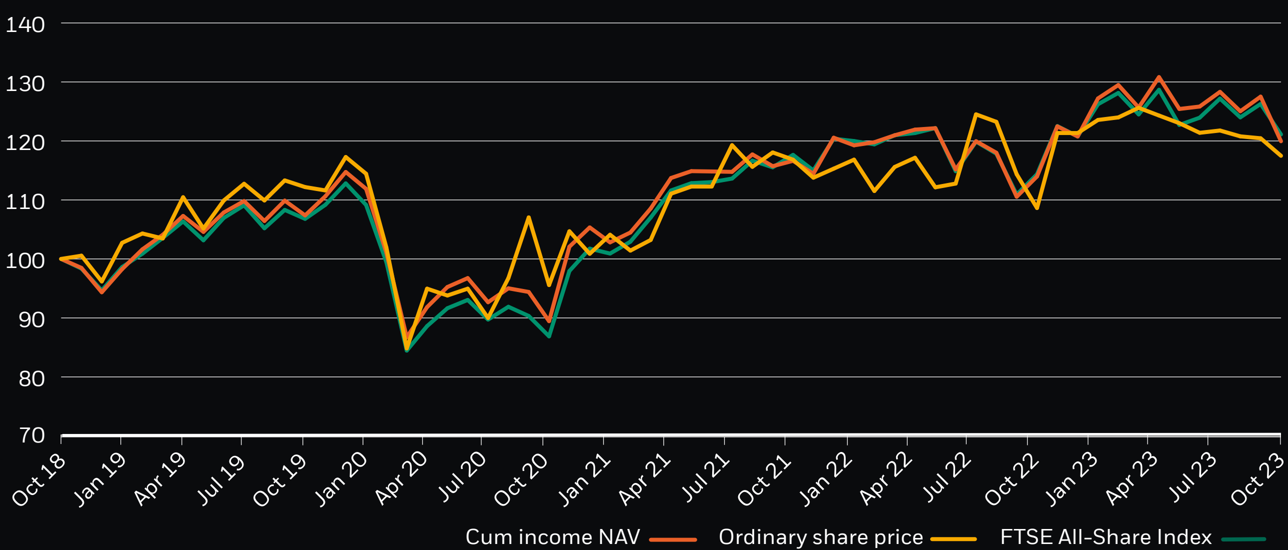
# Performance record

| | As at 31 October 2023 | As at 31 October 2022 |
|---|---|---|
| Net assets (£'000)[1] | 40,156 | 40,572 |
| Net asset value per ordinary share (pence) | 194.90 | 191.63 |
| Ordinary share price (mid-market) (pence) | 178.00 | 171.00 |
| Discount to net asset value[2] | 8.7% | 10.8% |
| FTSE All-Share Index | 8413.70 | 7945.76 |

| | For the year ended 31 October 2023 | For the year ended 31 October 2022 |
|---|---|---|
| **Performance (with dividends reinvested)** | | |
| Net asset value per share[2] | 5.2% | -2.3% |
| Ordinary share price[2] | 8.1% | -7.0% |
| FTSE All-Share Index | 5.9% | -2.8% |

| | For the year ended 31 October 2023 | For the year ended 31 October 2022 | Change % |
|---|---|---|---|
| **Revenue** | | | |
| Net profit on ordinary activities after taxation (£'000) | 1,367 | 1,438 | -4.9 |
| Revenue earnings per ordinary share (pence)[3] | 6.54 | 6.77 | -3.4 |
| **Dividends (pence)** | | | |
| Interim | 2.60 | 2.60 | – |
| Final | 4.80 | 4.70 | +2.1 |
| **Total dividends payable/paid** | **7.40** | **7.30** | **+1.4** |

## Performance from 1 November 2018 to 31 October 2023




Sources: BlackRock and Datastream.
Performance with dividends reinvested in Pound Sterling terms, rebased to 100 at 1 November 2018.

1 The change in net assets reflects portfolio movements, the purchase of the Company's own shares and dividends paid during the year.
2 Alternative Performance Measures, see Glossary on pages 124 to 127.
3 Further details are given in the Glossary on page 127.

# Chairman's statement

# Dear Shareholder

**Graeme Proudfoot**
Chairman

## Market overview

In my statement in the Half-Yearly Financial Report, I noted that the picture had been dominated by powerful geopolitical and macroeconomic drivers, with markets focused on the path of inflation and interest rates. This pattern continued through the rest of our financial year to 31 October 2023. Developed market central banks continued to implement tight monetary policy in a bid to bring inflation under control. However, this action was not without consequences and the first signs of stress in the financial system were seen in March 2023, with several regional bank failures in the US and a subsequent Swiss government brokered take-over of Credit Suisse by UBS. The Bank of England (BOE) acted swiftly to ensure there was no contagion to the UK financial system, albeit credit conditions have tightened steadily throughout the year.

The rate of UK inflation, as measured by the Consumer Price Index (CPI), peaked at 11.1% in October 2022, since when it has steadily reduced during this financial year. By 31 October 2023, UK inflation had fallen to 4.60%, bringing some much-needed relief to UK consumers and corporates alike. Inflation had previously been driven by high energy and food prices and although they fell during the year, they remain far higher than in recent years. Robust demand and wage growth have been key factors in the path of inflation this year, and ongoing structural issues also in the UK labour market acted to keep wage settlements high. The BOE continued to implement its policy of monetary tightening throughout most of the year, although in September 2023 the Monetary Policy Committee voted to hold the base rate steady at 5.25%, still the highest level since February 2008. This ended a run of fourteen consecutive rate increases since December 2021, which news was well-received by the UK equity market. In December, the US Federal Open Markets Committee voted to hold the base rate of interest steady at 5.25%. It also signalled that interest rate cuts were likely in 2024 which saw markets rise in response. However, the BOE was more hawkish, noting that UK wage demands remained elevated and that the MPC would continue to consider the economic data before a rate cut could be contemplated.

While the market continues to express a somewhat pessimistic view of the outlook for company valuations, our portfolio managers note that trading and, importantly, earnings remain strong for many of the companies within our portfolio. Despite the negative sentiment around the outlook, the UK economy has displayed notable resilience, with household balance sheets and corporate earnings in better shape than many anticipated. In fact, the UK managed to avoid a much feared recession in 2023 and although the economic data indicates our economy shrank in October 2023, it is forecast to return to modest growth in 2024. As a result, the likelihood of a 'soft landing' – a slowdown in economic growth that avoids a recession - may well have increased, although this remains to be seen. In any case, the current cycle of monetary policy tightening appears to have peaked, and markets are now focused on if and when interest rates will be cut; an event that may be the catalyst for a broader change in market sentiment towards UK equities.

Another feature of the challenging economic environment this year has been the compounding effect on corporate profit margins of higher input costs and rising wage demands. Our portfolio managers note that this rise in operating costs has, in many cases, been passed on to the consumer. However, as you will read in the investment manager's report which follows, they believe companies may soon find this passthrough more difficult to achieve. Therefore, pricing power will be a key differentiator in 2024.

Notwithstanding the headwinds described, like all good active managers, our portfolio managers view equity market volatility as an opportunity and have been buying into high-quality domestic and mid-cap names at very attractive valuations following share price weakness. They believe there is a marked disconnect between the valuations ascribed to many UK companies and the underlying fundamentals of sales, revenue and future growth prospects. They have also been selectively adding to existing holdings which they believe are well placed to prosper as the economic landscape in the UK evolves.

## Performance

During the year the Company's Net Asset Value (NAV) per share returned +5.2%. By comparison, the Company's Benchmark Index, the FTSE All-Share Index, returned +5.9%. At the share price level, the Company returned +8.1% over the period as our discount narrowed from 10.8% at the start of the year to 8.7% as at 31 October 2023 (all percentages in Sterling terms with dividends reinvested).

While the performance of the portfolio was ahead of our Benchmark Index for much of 2023, it was disappointing to note that the market downturn in October 2023 reversed much of the relative outperformance, resulting in a marginal underperformance over the financial year to 31 October 2023. However, despite the challenging backdrop this year the Company was able to deliver a positive return in absolute terms. As at 18 December 2023, since the year end the Company's NAV and share price have increased by 9.1% and 3.1%, respectively (all percentages are in Pound Sterling with dividends reinvested).

Further details of the key contributors and detractors from performance, and the portfolio managers' views on the outlook for the forthcoming year, can be found in their report which follows on pages 11 to 16.

## Revenue earnings and dividends

I am pleased to report that despite market volatility the Company's earnings remained relatively stable, with revenue earnings per share for the year ended 31 October 2023 of 6.54 pence compared with 6.77 pence for the previous year. The Directors are mindful of shareholders' desire for income in addition to capital growth and believe the Company's dividend is greatly valued by shareholders. The Board is therefore proposing a final dividend per share of 4.80 pence (2022: 4.70 pence) giving total dividends for the year of 7.40 pence per share.

Subject to approval at the Annual General Meeting, the final dividend will be paid on 15 March 2024 to shareholders on the Company's register at the close of business on 9 February 2024 (ex-dividend date is 8 February 2024). This final dividend, combined with an interim dividend of 2.60 pence per share (2022: 2.60 pence) paid to shareholders on 1 September 2023, gives a total dividend for the year of 7.40 pence, resulting in a yield of 4.2% based on a share price of 178.00 pence as at 31 October 2023.

One of the benefits of the Company's investment trust structure is that it can retain up to 15% of total revenue each year to build up reserves which may be carried forward and used to pay dividends during leaner times. As at 31 October 2023 the Company held £2,131,000 or 10.34 pence per share in revenue reserves before the payment of final dividend of 4.80 pence for the year ended 31 October 2023.

## Policy on share price discount

The Directors recognise the importance to investors that the Company's share price should not trade at a significant discount to NAV, and therefore, in normal market conditions, may use the Company's share buy back, sale of shares from treasury and share issuance powers to seek to ensure that the share price does not differ excessively from the underlying NAV.

The Board's existing authority to buy back up to 14.99% of the Company's issued share capital (excluding treasury shares) will expire at the conclusion of the 2023 Annual General Meeting and a resolution will be put to shareholders to renew the authority at that meeting. Currently, ordinary shares representing up to 33% of the Company's issued ordinary share capital can be allotted as new ordinary shares or sold from treasury and the Board will also seek to renew this power.

During the year, a total of 568,428 ordinary shares were purchased at an average price of 182.26 pence per share, for a total consideration (including costs) of £1,036,000 and at an average discount of 11.7%. All ordinary shares bought back were cancelled. No shares were placed in treasury. The average discount for the year to 31 October 2023 was 9.6% and the discount at the year end was 8.7%. To put this in context, the average discount for the investment company sector as a whole has widened substantially this year and exceeded 16.0% as at 31 October 2023, a level not seen since the global financial crisis of 2008. As at 18 December 2023, the average UK Equity Income sector discount had narrowed to 4.1%.

## Gearing

One of the advantages of the investment trust structure is that the Company can use gearing with the objective of increasing portfolio returns. The Company operates a flexible gearing policy which depends on prevailing market conditions and is subject to a maximum level of 20% of net assets at the time of investment. Net gearing during the financial year did not exceed such level. As at 31 October 2023, net gearing stood at 7.7%.

At the year end, the Company had a borrowing facility in place of up to £8 million, provided by The Bank of New York Mellon, London Branch. As at the date of this report it is drawn down by £4 million. Subsequent to the year end, the facility was renewed for a further period of 1 year to 20 December 2024.

## Board composition

At the date of this report the Board consists of four independent Non-executive Directors, with two of the current Directors having been appointed since 2019. In accordance with best practice and good corporate governance, the Directors continue to submit themselves for annual re- election. Win Robbins advised the Board that she has decided that she will step down from the Board at the conclusion of the next Annual General Meeting. I would like to take this opportunity to thank Win for the benefit of her expertise and experience and her contribution to the Board during her tenure. We wish her well for the future.

The Board has a succession plan in place and will continue to regularly appraise its composition to ensure that a suitable balance of skills, knowledge, experience, independence and diversity is achieved to enable the Board to discharge its duties effectively. As part of these plans, the Board has initiated a search and selection process earlier in the year to identify a suitable candidate to replace Win. Through this process we have identified several high-calibre individuals who possess the necessary skills, experience and expertise to act as a Director of the Company. The Board will announce details of the chosen candidate in due course.

Further information on the Board's policy on board diversity, director tenure and succession planning can be found in the Directors' Report starting on page 46.

## Corporate governance

The UK Code of Corporate Governance (the UK Code) requires enhanced disclosure setting out how we, as Directors, have fulfilled our duties in taking into account the wider interests of stakeholders in promoting the success of the Company. The Board takes its governance responsibilities very seriously and follows the provisions of the UK Code as closely as possible.

As an investment company, the Company reports against the Association of Investment Companies Code of Corporate Governance (the 2019 AIC Code) which has been endorsed by the Financial Reporting Council as being appropriate for investment companies and fulfils the requirements of the UK Corporate Governance Code, as they are applicable to investment companies.

As it does each year, and as required by the Corporate Governance Code, the Company undertook a comprehensive Board evaluation this year. The overall conclusion was positive in terms of the effectiveness of the Board, and the skills, expertise and commitment of the Directors.

## Environmental, Social and Governance (ESG) consideration

Material ESG issues can present both opportunities and risks to long-term investment performance. While the Company does not have a sustainable investment objective or exclude investments based only on ESG criteria, these ethical and sustainability issues are considerations for the Company, and your Board is committed to a diligent oversight of the activities of our Investment Manager in these areas.

We believe that the companies in which the portfolio is invested should operate within a healthy ecosystem of all their stakeholders whether these are shareholders, employees, customers, regulators or suppliers and that this can aid the sustainability of long-term returns. We have also provided information on our Manager's approach to investment stewardship and voting. Further information can be found on page 32.

## Continuation vote

The Company has an arrangement in place whereby at the Annual General Meeting (AGM) held in 2018 and at every fifth AGM of the Company convened thereafter, shareholders shall be asked to approve the continuation of the Company as an investment trust. An ordinary resolution was put to shareholders at the last AGM in March 2023. The resolution was passed with 99.8% of the votes cast in favour. We thank shareholders for their loyalty and support.

## Annual general meeting

This year's AGM will be held on Thursday, 7 March 2024 at 12.00 noon at the offices of BlackRock at 12 Throgmorton Avenue, London, EC2N 2DL. Details of the business of the meeting are set out in the Notice of Annual General Meeting on pages 130 to 133 of this Annual Report.

We hope you can attend this year's AGM. The Board very much looks forward to meeting shareholders and answering any questions you may have on the day.

## Communication with shareholders

We appreciate how important access to regular information is to our shareholders. To supplement our Company website, we offer shareholders the ability to sign up to the Trust Matters newsletter which includes information on the Company and other news, views and insights. Further information on how to sign up is included on the inside front cover of this report.

## Outlook

As you will read in the Investment Manager's Report which follows, in a world currently dominated by macroeconomic and geopolitical factors, our portfolio managers remain cautiously positioned. They are focused on bottom-up stock selection, assembling a portfolio of high-quality companies, with robust balance sheets, differentiated franchises, and, importantly, pricing power. They also believe their long held focus on well capitalised and cash generative companies will serve the Company well against a backdrop of higher interest rates and a deterioration in the availability and increase in the cost of credit. In addition, they believe that the UK market offers a wealth of opportunity, with valuations at historical lows versus their own history and that of other developed markets.

Your Board remains fully supportive of our investment manager's investment philosophy and approach and have every confidence that they will continue to deliver on the Company's investment objective as we move into 2024 and beyond.

**Graeme Proudfoot**
Chairman
20 December 2023


Werkzeug
Kerzen
Airwick Duftkerze
Fruchtcocktail
2,33
1,48

# Investment Manager's report

**Adam Avigdori**

**David Goldman**

## Performance

For the year ended 31 October 2023, the Company's NAV returned 5.2%, underperforming its benchmark, the FTSE All-Share Index (the Benchmark Index), which returned 5.9% over the same period (all percentages are in Pound Sterling terms with dividends reinvested).

## Investment approach

In assembling the Company's portfolio, we adopt a concentrated investment approach to ensure that our best ideas contribute significantly to returns. We believe that it is the role of the portfolio overall to generate an attractive and growing yield alongside capital growth rather than every individual company within the portfolio. This gives the Company increased flexibility to invest where returns are most attractive. This approach results in a portfolio which differs substantially from the Benchmark Index and in any individual year the returns will vary, sometimes significantly from those of the Benchmark Index. Our objective is to achieve returns greater than the Benchmark Index over time. The foundation of the portfolio, approximately 70%, is in 'income generators' that we believe will sustain strong cash generation and pay an attractive and growing dividend yield whilst aiming to deliver a double-digit total return. Additionally, we look to identify and invest 20% of the portfolio in 'growth' companies that have significant barriers to entry and scalable business models that enable them to grow consistently. We also look for turnaround companies, accounting for up to 10% of portfolio, which represent those companies that are out of favour in the market, facing temporary challenges yet offering significant recovery potential.

Private equity and venture capital multinational 3i Group was the top contributor during the period. Shares in the Group's largest portfolio company, the European discount retailer Action, rose 72% in absolute terms.

PHOTO COURTESY OF 3I GROUP / ACTION

## Market review

Whilst global equity markets made progress during the 12 months to 31 October 2023, the UK market meaningfully lagged global markets during the period. This partially reversed the relative outperformance that the UK enjoyed during 2022 as global equity valuations compressed. The Benchmark Index rose by 5.9% during the year with Consumer Services, Utilities, and Technology being the top performing sectors while Telecommunications and Consumer Goods sectors underperformed. Interest rate policy and inflation stayed on top of the agenda as central banks deliberated on how to respond to a mixed picture from the UK inflation data. As the year progressed, goods inflation eased, however, services sector inflation remained sticky, driven by tight labour markets. The challenge remained pronounced in the UK where inflation reached a 40-year high and the Bank of England delivered fourteen consecutive rate hikes, the most significant monetary tightening carried out since the late 1980s, before holding interest rates flat at 5.25% at the end of the period.

The majority of 2023 was characterised by relatively narrow markets with notable outperformance of large capitalisation companies versus mid and small capitalisation companies. This has been most notable in the United States of America (US) market where the emergence of Artificial Intelligence (AI) has contributed to the remarkable outperformance of seven mega-capitalisation companies. In the UK, this size dynamic was particularly evident as domestically focussed, mid and small capitalisation companies struggled during much of the period as earnings headwinds persisted due to higher inflation in costs but weaker revenues. As we have highlighted before, the UK market continues to trade at notable valuation discount to other developed markets.

The first quarter of 2023 also saw the signs of financial stress as a result of the tightening monetary cycle with a number of bank failures. These were the first 'bank-runs' of the digital age and were indeed personified by a breath-takingly fast run on deposits. This led to the collapse of Silicon Valley Bank and First Republic Bank in the US and the eventual rescue of Credit Suisse by UBS. These events have been well contained with little contagion to the broader financial system albeit credit conditions have tightened steadily over the year. Elsewhere, expectations for a strong rebound in China as its economy emerged from COVID-19 related restrictions failed to materialise. Weak consumer spending and a property sector downturn have weighed on the economic backdrop in China. Geopolitics remains topical with the ongoing war in Ukraine, the upcoming elections in Taiwan, US and UK and more recently the conflict between Israel and Hamas.

The share price of RELX rose strongly during the period. The company continues to invest in its products and services, with the launch of new AI powered tools being a highlight this year.

PHOTO COURTESY OF RELX

New holding Segro is an industrial real estate investment trust with a high-quality portfolio. We believe the company has significant rental growth potential, as well as the ability to add value through development.

PHOTO COURTESY OF SEGRO PLC

## Contributors to and detractors from performance

While the performance of the portfolio was ahead of the Benchmark Index for much of 2023, the market downturn in October 2023 reversed many of the gains. The portfolio subsequently slightly underperformed its Benchmark Index. We are however, pleased with the positive absolute return of the Company driven by the strong performance from holdings such as **3i Group**, **Standard Chartered** and **RELX**. As the top positive contributor during the period, 3i Group has continued to report strong results with meaningful net asset value (NAV) growth. 3i Group's largest portfolio company, the European discount retailer Action, was again the highlight, with impressive growth and cash generation. The shares rose 72% in absolute terms.

Standard Chartered also delivered strong results, beating market expectations as the bank benefited from higher non-interest income and a higher than expected net interest margin (NIM). Credit quality remains strong and provisions for losses were lower than predicted.

The share price of RELX rose strongly during the period reflecting the steady acceleration of its revenue growth across major divisions and for the group as a whole. The company continues to invest in its products and services, with the launch of new AI powered tools being a highlight this year. RELX has been a consistent holding in the Company over the last decade.

**Rio Tinto** experienced share price volatility given lacklustre economic data out of China earlier in the year and concerns around the health of the property sector. However, the company ended the year higher after posting a steady trading update at the end of the year with production across its mining operations in line with expectations. Shares in **Centrica** more than doubled during the year on the back of significant cash generation that led to substantial capital returns. The company was another top positive contributor to performance.

During the year, we saw meaningful impact on the share prices of companies that did not deliver on earnings expectations; **Rentokil Initial** is an example of this. The company reported a weak trading statement at the end of the year with disappointing organic growth from their US pest control division. This also impacted the margin outlook for the division. The company is making good progress with the integration of its recently acquired Terminix business and the rest of the group is performing strongly. However, the US pest control division is key to the group's long-term success.

## “During the year, opportunities arose through share price weakness, notably in UK domestic and midcap names.”

**Watches of Switzerland** experienced share price weakness after the announcement of the stepping down of its Chief Financial Officer, softer trading in the jewellery business and the announcement by Rolex, one of the world’s largest watch making companies and a key supplier to Watches of Switzerland, of its acquisition of Bucherer, a notable watch retailer. As a result our position was reduced. **EuroAPI** cut profit expectations due to an issue with documentation at their Budapest site and delivered a weak trading statement later in the year and we have sold the holding. Finally, **NatWest** detracted from the portfolio after delivering weak results as deposit pricing weighed on the bank’s Net Interest Margin and following the resignation of its CEO, Alison Rose.

### Transactions

At the beginning of the year, we identified opportunities in the dislocation in 2022, notably, in the consumer space. In November 2022, we added mid-cap names to the portfolio including **Games Workshop** and **Howden Joinery** following significant share price underperformance. We believe that these are advantaged franchises capable of resilient and growing cash generation with robust balance sheets.

During the year, opportunities arose through share price weakness, notably in UK domestic and mid-cap names. We added new positions in **Admiral Group**, **Segro**, **Spirax-Sarco Engineering** and **Intermediate Capital Group**. **Segro**, an industrial real estate investment trust, has a high-quality portfolio which we believe has significant rental growth potential and the ability to add value through development. Spirax-Sarco Engineering is a high-quality engineering business with strong structural drivers around energy efficiency where the malaise in the bio-processing and semi-conductor industries has impacted the group’s near-term prospects and valuation. Intermediate Capital Group was owned by the Company in the past, initially bought in the dislocation in March 2020. Having subsequently sold the position in 2021 following the near doubling of the share price, recent weakness had seen its valuation return to attractive levels.

We sold **Equifax**, **Kone** and **Whitbread** following strong performance. Whilst Kone and Equifax were purchased in the second half of 2022, we were pleasantly surprised by their strong performance in a short space of time. Both share prices reached levels where we felt their prospects were well understood and we consequently saw better value elsewhere.

We also sold the holding in **BT Group**. Whilst we saw progress in the attractive nature of the long-term fibre roll-out, inflationary challenges and higher capital expenditure are undermining the group’s ability to generate cash. With the elevated risk, the returns may come under pressure given the cost of living backdrop.

### Gearing

Historically, we have managed the Company with a modest and consistent level of gearing, typically between 5-8% to enhance income generation and capital growth. However, as market volatility picked up, we have been more active over the last two years, varying both the level of gearing and using a broader range (0-10%) depending on the opportunities or risks presenting themselves at the time. At 31 October 2023, the Company had employed net gearing of 7.7%.

### Outlook

During the course of 2023, central banks continued to unwind ten years of excess liquidity by tightening monetary policy desperate to prevent the entrenchment of higher inflation expectation. Inflation has persisted, driven by resilient demand, supply chain constraints and rising wages. Developed market central banks have responded with aggressive interest rate increases with eleven rate hikes in the US and fourteen in the UK so far. Despite these steep rate rises, the impact of high interest rates and the associated transmission of lower liquidity into the global economy has been slow. March 2023 saw the first signs of financial stress with the bankruptcy of Silicon Valley Bank and Signature Bank in the US contributing to a steady deterioration in the availability and cost of credit. This has had a notable impact in specific industries, e.g. biotech, yet, so far, the broad economic impact has been limited. As monetary tightening appears to be slowing, the key question facing markets is whether we will see a soft or a hard landing as the effects of the interest rate fluctuations feed into the economy.

Whilst difficult to predict, and the sectors may vary, we would expect some broader demand weakness into 2024 as the impact of interest rate rises are felt by the economy. The third quarter of 2023 reporting season saw a broadening of demand weakness as consumers began to tighten their spending habits post summer and as excess savings built up during COVID-19 were depleted. Meanwhile industrial companies continued to build backlogs at a slower pace than revenues as supply chains normalised leading companies to destock as their need for excess inventory receded. To guard against lower credit availability and the potential for higher rates for longer, our approach continues to focus on companies with robust balance sheets capable of funding their own growth. We also continue to believe that identifying companies with real pricing power will be a differentiator. As demand weakens and the transitory inflationary pressures continue to fade (e.g. commodity prices, supply chain disruption) then pricing conversations will become more challenging even though wage pressure may prove more persistent. While this does not bode well for margins in aggregate, we believe that 2024 will see greater differentiation as pricing power of companies will become critical.

The UK's policy during the early part of 2023 diverged from the Group of Seven industrialised countries (G7) in fiscal policy terms as the UK government attempted to create stability after the severe reaction from the "mini-budget" in October 2022. Thereafter, the UK rate policy mirrored others although towards the end of the period the fall in the oil price and the annualisation of previous year's rate rises combined meaningfully to lower inflation to below 5% bringing the UK back in line with the G7. As we have commented several times before, the UK stock market continues to remain depressed in valuation terms relative to other developed markets offering double-digit discounts across a range of valuation metrics. This valuation 'anomaly' saw further reactions from UK corporates with the buyback yield of the UK, at the end of the period, standing at a respectable c.2.5%. Combining this with a dividend yield of c.4%, the cash return of the UK market is attractive in absolute terms and comfortably higher than other developed markets. Although we anticipate further volatility ahead as earnings estimates moderate, we know that in the course of time, risk appetite will return, and opportunities are emerging. As we have stated above, we have identified a number of opportunities with new positions initiated throughout the year in both UK domestic and mid-cap companies.

In summary, we expect geopolitics to continue to be a source of volatility with potentially significant elections in Taiwan, the US and the UK as well as the impact of resolution or escalation of geopolitical conflicts globally.

We continue to focus the portfolio on cash generative businesses with durable, competitive advantages as we believe these companies are best placed to drive returns over the long term. Whilst we anticipate economic and market volatility will persist throughout the year, we are excited by the opportunities this will likely create, by identifying the companies that strengthen their long term prospects as well as attractive turnaround situations.

**Adam Avigdori and David Goldman**
BlackRock Investment Management (UK) Limited
20 December 2023

# 12 month performance attribution

for the year ended 31 October 2023

| Sector | Contribution to relative return[1] | | | Commentary |
|---|---|---|---|---|
| | Allocation | Selection[2] | Total Effect | |
| **Basic Materials** | 0.03% | 1.61% | 1.64% | Within mining, the Company's overweight exposure to Rio Tinto and BHP contributed to relative returns. |
| **Consumer Goods** | -0.30% | 0.13% | -0.17% | The overweight allocation to consumer goods – Watches of Switzerland - detracted from relative returns. |
| **Consumer Services** | 0.32% | -0.50% | -0.18% | Security selection in consumer services detracted from performance. |
| **Financials** | -0.40% | 2.34% | 1.94% | Security selection in financials contributed to relative returns, notably, the positions in 3i Group and Standard Chartered. |
| **Health Care** | 0.03% | -1.37% | -1.34% | Within health care, the overweight positioning in EuroAPI, Smith & Nephew and Roche Holding detracted from performance during the period. |
| **Industrials** | 0.02% | -2.03% | -2.01% | Security selection in industrials detracted from performance, notably, the overweight position in Rentokil Initial. |
| **Oil & Gas** | 0.05% | 0.10% | 0.15% | The underweight position and stock selection in oil & gas sector modestly benefitted performance. |
| **Technology** | -0.05% | 0.00% | -0.05% | The lack of exposure to the technology sector had a marginal impact on relative returns. |
| **Telecommunications** | 0.10% | 0.23% | 0.33% | The underweight position and stock selection in telecommunications modestly contributed to relative returns. |
| **Utilities** | -0.18% | 1.12% | 0.94% | Security selection in utilities contributed to performance, notably the overweight position in Centrica. |

1 Due to the limitations of a static attribution methodology, the numbers quoted are indicative and not exact.

2 The interaction effect is included within stock selection effect.


Shell
Recharge
Electric Vehicle Charging Hub
9 Ultra Rapid Chargers
LITTLE
WAITROSE
& PARTNERS
COSTA
COFFEE
ENTRANCE

# Portfolio

Oil and gas multinational Shell was the portfolio's largest holding at year end.

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1


2


3


4


5



6


7



8


9


10


PHOTOS COURTESY OF PHOTOGRAPHIC SERVICES - SHELL INTERNATIONAL LTD, ASTRAZENECA, RIO TINTO, RELX, RECKITT, 3i GROUP, UNILEVER, BHP, PHOENIX GROUP, MASTERCARD.

# Ten largest investments

**Together, the ten largest investments represent 48.0% of the Company's portfolio as at 31 October 2023 (2022: 48.4%).**

## 1 ▲ Shell (2022: 2nd)

### Sector: Oil & Gas Producers

**Market value: £3,849,000**
**Share of investments: 8.9% (2022: 8.4%)**

Shell is a global oil and gas company. The company operates in both upstream and downstream industries. The upstream division is engaged in searching for and recovering crude oil and natural gas, the liquefaction and transportation of gas. The downstream division is engaged in manufacturing, distribution and marketing activities for oil products and chemicals.

## 2 ▼ AstraZeneca (2022: 1st)

### Sector: Pharmaceuticals & Biotechnology

**Market value: £3,118,000**
**Share of investments: 7.2% (2022: 8.4%)**

AstraZeneca is an Anglo-Swedish multinational pharmaceutical group with its headquarters in the UK. It is a science-led biopharmaceutical business with a portfolio of products for major disease areas including cancer, cardiovascular infection, neuroscience and respiration.

## 3 ▲ Rio Tinto (2022: 6th)

### Sector: Mining

**Market value: £2,569,000**
**Share of investments: 5.9% (2022: 4.0%)**

Rio Tinto is a metals and mining group operating in approximately 36 countries around the world, producing iron ore, copper, diamonds, gold and uranium.

## 4 ▼ RELX (2022: 3rd)

### Sector: Media

**Market value: £2,403,000**
**Share of investments: 5.5% (2022: 5.8%)**

RELX is a global provider of professional information solutions including the publication of scientific, medical, technical and legal journals. It also has the world's leading exhibitions, conference and events business.

## 5 ▼ Reckitt (2022: 4th)

### Sector: Household Goods & Home Construction

**Market value: £2,036,000**
**Share of investments: 4.7% (2022: 4.7%)**

Reckitt is a global leader in consumer health, hygiene and household products. Its products are sold in 200 countries and its 19 most profitable brands are responsible for 70% of net revenues.

# Ten largest investments

continued

## 6 ▲ 3i Group (2022: 8th)

### Sector: Financial Services

**Market value: £1,834,000**
**Share of investments: 4.2% (2022: 3.2%)**

3i Group is a leading international investor focused on mid-market private equity and infrastructure. The group invests in mid-market buyouts, growth capital and infrastructure. Sectors invested in are business and financial services, consumer, industrials, energy and health care.

## 7 ▶ Unilever (2022: 7th)

### Sector: Personal Goods

**Market value: £1,499,000**
**Share of investments: 3.5% (2022: 3.3%)**

Unilever is a consumer staples business operating in food, home and personal care and has strong positions in emerging markets, where long-term growth trends in various countries that currently generate the majority of revenues.

## 8 ▲ BHP (2022: 23rd)

### Sector: Mining

**Market value: £1,284,000**
**Share of investments: 3.0% (2022: 1.7%)**

The world's largest diversified mining group by market capitalisation. The group is an important global player in a number of commodities including iron ore, copper, thermal and metallurgical coal, manganese, nickel, silver and diamonds.

## 9 ▲ Phoenix Group (2022: 13th)

### Sector: Life Insurance

**Market value: £1,108,000**
**Share of investments: 2.6% (2022: 2.8%)**

Phoenix Group is one of the largest providers of insurance services in the United Kingdom. The company offers a broad range of pensions and savings products to support people across all stages of the savings life cycle.

## 10 ▲ Mastercard (2022: 15th)

### Sector: Support Services

**Market value: £1,085,000**
**Share of investments: 2.5% (2022: 2.4%)**

Mastercard is the second-largest payment-processing corporation worldwide and its principal business is to process payments between the banks of merchants and the card-issuing banks or credit unions of the purchasers who use the Mastercard-brand debit, credit and prepaid cards to make purchases.

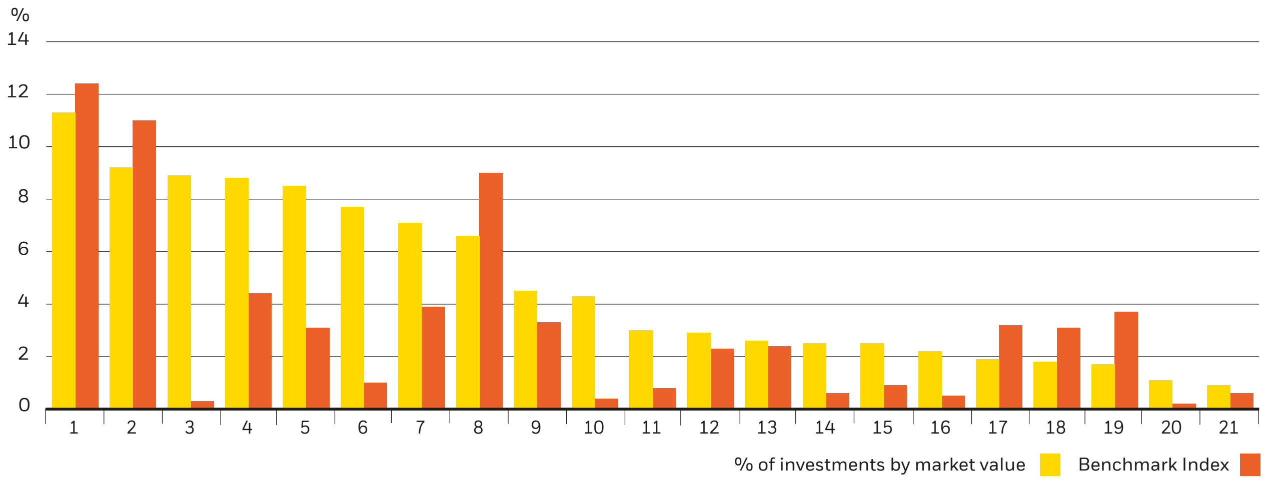
All percentages reflect the value of the holding as a percentage of total investments.

Percentages in brackets represent the value of the holding as at 31 October 2022.

# Distribution of investments

as at 31 October 2023

## Analysis of portfolio by sector




1 Oil & Gas Producers
2 Pharmaceuticals & Biotechnology
3 Mining
4 Financial Services
5 Support Services
6 Household Goods & Home Construction
7 Media
8 Banks
9 General Retailers
10 Personal Goods
11 Non-Life Insurance
12 Real Estate Investment Trusts
13 Life Insurance
14 Food Producers
15 Electronic & Electrical Equipment
16 Health Care Equipment & Services
17 Tobacco
18 Travel & Leisure
19 Gas, Water & Multiutilities
20 Leisure Goods
21 Industrial Engineering

Sources: BlackRock and Datastream.

## Investment size


Source: BlackRock.

# List of investments

as at 31 October 2023

| | Market value £'000 | % of investments |
|---|---|---|
| **Oil & Gas Producers** | | |
| Shell | 3,849 | 8.9 |
| BP Group | 722 | 1.7 |
| Woodside Energy Group | 293 | 0.7 |
| | **4,864** | **11.3** |
| **Pharmaceuticals & Biotechnology** | | |
| AstraZeneca | 3,118 | 7.2 |
| Roche Holding[1] | 847 | 2.0 |
| | **3,965** | **9.2** |
| **Mining** | | |
| Rio Tinto | 2,569 | 5.9 |
| BHP | 1,284 | 3.0 |
| | **3,853** | **8.9** |
| **Financial Services** | | |
| 3i Group | 1,834 | 4.2 |
| London Stock Exchange Group | 704 | 1.6 |
| Intermediate Capital Group | 510 | 1.2 |
| Ashmore Group | 498 | 1.2 |
| Premier Asset Management Group | 275 | 0.6 |
| | **3,821** | **8.8** |
| **Support Services** | | |
| Mastercard[1] | 1,085 | 2.5 |
| Hays | 972 | 2.2 |
| Rentokil Initial | 864 | 2.0 |
| Ashtead Group | 797 | 1.8 |
| | **3,718** | **8.5** |
| **Household Goods & Home Construction** | | |
| Reckitt | 2,036 | 4.7 |
| Berkeley Group | 758 | 1.8 |
| Taylor Wimpey | 543 | 1.2 |
| | **3,337** | **7.7** |
| **Media** | | |
| RELX | 2,403 | 5.5 |
| Pearson | 702 | 1.6 |
| | **3,105** | **7.1** |
| **Banks** | | |
| Standard Chartered | 1,048 | 2.4 |
| HSBC Holdings | 946 | 2.2 |
| Lloyds Banking Group | 498 | 1.2 |
| NatWest | 351 | 0.8 |
| | **2,843** | **6.6** |
| **General Retailers** | | |
| Next | 936 | 2.2 |
| WH Smith | 506 | 1.2 |
| Howden Joinery | 499 | 1.1 |
| | **1,941** | **4.5** |

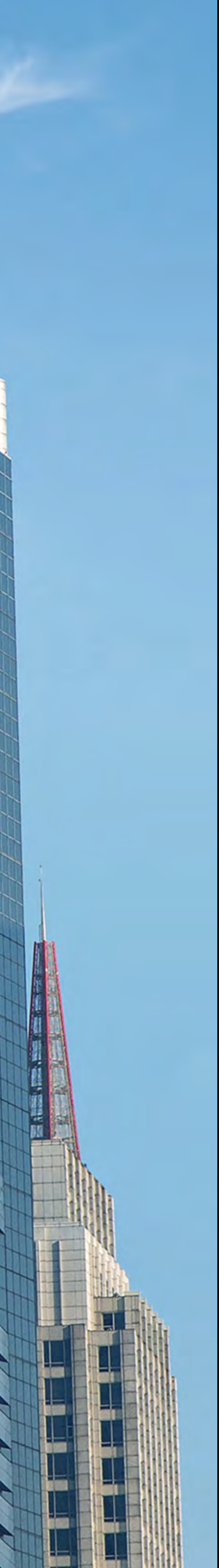
| | Market value £'000 | % of investments |
|---|---|---|
| **Personal Goods** | | |
| Unilever | 1,499 | 3.5 |
| Watches of Switzerland | 337 | 0.8 |
| | **1,836** | **4.3** |
| **Non-Life Insurance** | | |
| Admiral Group | 738 | 1.7 |
| Hiscox | 583 | 1.3 |
| | **1,321** | **3.0** |
| **Real Estate Investment Trusts** | | |
| Segro | 766 | 1.8 |
| Big Yellow Group | 471 | 1.1 |
| | **1,237** | **2.9** |
| **Life Insurance** | | |
| Phoenix Group | 1,108 | 2.6 |
| | **1,108** | **2.6** |
| **Food Producers** | | |
| Tate & Lyle | 1,082 | 2.5 |
| | **1,082** | **2.5** |
| **Electronic & Electrical Equipment** | | |
| Schneider Electric[1] | 555 | 1.3 |
| Oxford Instruments | 502 | 1.2 |
| | **1,057** | **2.5** |
| **Health Care Equipment & Services** | | |
| Smith & Nephew | 959 | 2.2 |
| | **959** | **2.2** |
| **Tobacco** | | |
| British American Tobacco | 812 | 1.9 |
| | **812** | **1.9** |
| **Travel & Leisure** | | |
| Compass Group | 458 | 1.0 |
| Fuller Smith & Turner – A Shares | 339 | 0.8 |
| Patisserie Holdings[2] | – | – |
| | **797** | **1.8** |
| **Gas, Water & Multiutilities** | | |
| Centrica | 724 | 1.7 |
| | **724** | **1.7** |
| **Leisure Goods** | | |
| Games Workshop | 494 | 1.1 |
| | **494** | **1.1** |
| **Industrial Engineering** | | |
| Spirax-Sarco Engineering | 393 | 0.9 |
| | **393** | **0.9** |
| **Total investments** | **43,267** | **100.0** |

1 Non-UK listed investments.
2 Company under liquidation.

All investments are in ordinary shares unless otherwise stated. The total number of investments held at 31 October 2023 was 46 (31 October 2022: 45).

As at 31 October 2023, the Company did not hold any equity interests comprising more than 3% of any company's share capital.


standard chartered
渣打银行
standard chartered
渣打银行



# Governance

Standard Chartered delivered strong results, beating market expectations as the bank benefited from higher non-interest income and a higher-than-expected net interest margin (NIM).

PHOTO COURTESY OF STANDARD CHARTERED PLC

# Governance structure

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

## The Board
**5 scheduled meetings per annum**

**During the financial year there were four non-executive Directors (NEDs), all independent of the Manager**

**Chairman**: Graeme Proudfoot (since 12 March 2020)

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

## Audit Committee
**2 scheduled meetings per annum**

**Chairman:** Nicholas Gold (since April 2009)

**Membership:** All NEDs

**Key objectives:**
- To oversee financial reporting;
- To consider the adequacy of the control environment and risk;
- To review and form an opinion on the effectiveness of the external audit process; and
- To review the provisions relating to whistleblowing and fraud.

## Management Engagement Committee
**1 scheduled meeting per annum**

**Chairman:** Graeme Proudfoot

**Membership:** All NEDs

**Key objectives:**
- To review the performance of the Manager and Investment Manager;
- To ensure that the provisions of the management agreement remain competitive and in the best interests of shareholders;
- To consider whether the continuing appointment of the Manager is in the best interests of shareholders as a whole; and
- To review third party service providers.

## Nomination Committee
**1 scheduled meeting per annum**

**Chairman:** Graeme Proudfoot

**Membership:** All NEDs

**Key objectives:**
- To review the Board's structure, size, composition and effectiveness;
- To be responsible for Board succession planning; and
- To make recommendations to the Board for any new appointments.

# Directors' biographies

**Graeme Proudfoot**
(Appointed 1 November 2019)

Mr Proudfoot brings a wealth of asset management expertise and experience having spent his executive career at Invesco, latterly as Managing Director, EMEA and CEO of Invesco Pensions. Prior to joining Invesco, Mr Proudfoot began his career at Wilde Sapte Solicitors, practising as a corporate finance lawyer in London and New York. He is also non-executive Chairman of VPC Specialty Lending Investments plc.

**Attendance record:**
Board: 5/5
Audit Committee: 2/2
Management and Engagement Committee: 1/1
Nomination Committee: 1/1

**Nicholas Gold**
Audit Committee Chairman
(Appointed 17 December 2008)

Mr Gold is an experienced investment banker with over 36 years' advisory experience across a wide range of industries and jurisdictions. He retired as the managing director responsible for closed-end fund corporate finance at ING Bank N.V. in 2008. Mr Gold is a chartered accountant and a solicitor. He was formerly a member of the Royal Academy of Dramatic Art Council and chairman of its commercial arm, RADA Enterprises. He is also a special adviser to Pottinger Co Pty Limited and controls Cobra Mist Limited, a communications and land management entity.

**Attendance record:**
Board: 5/5
Audit Committee: 2/2
Management and Engagement Committee: 1/1
Nomination Committee: 1/1

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

# Directors' biographies
continued

**Win Robbins**
(Appointed 15 December 2020)

Mrs Robbins is a non-executive Director of Henderson Diversified Income Trust plc and Polar Capital Holdings plc. Mrs Robbins was previously a non-executive director of the Investment Committee of St. James' Place Partnership plc and a non-executive director on the Board of City Merchants High Yield Trust Limited.

**Attendance record:**
Board: 5/5
Audit Committee: 2/2
Management and Engagement Committee: 1/1
Nomination Committee: 1/1

**Charles Worsley**
(Appointed 19 April 2010)

Mr Worsley has over 28 years' experience in commercial and residential property management and has been a shareholder of the Company since its launch. Mr Worsley has formerly been a director of retail and media companies.

**Attendance record:**
Board: 5/5
Audit Committee: 2/2
Management and Engagement Committee: 1/1
Nomination Committee: 1/1

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

# Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 October 2023.

## Investment objective

The Company's objective is to provide growth in capital and income over the long term through investment in a diversified portfolio of principally UK listed equities.

## Business and management of the company

BlackRock Income and Growth Investment Trust plc is an investment trust company that has a premium listing on the London Stock Exchange. Its principal activity is portfolio investment. Investment trusts, like unit trusts and open-ended investment companies (OEICs), are pooled investment vehicles which allow exposure to a diversified range of assets through a single investment thus spreading, although not eliminating, investment risk.

Investment trusts, unlike unit trusts and OEICs, have the ability to borrow for investment purposes and to manage dividend distributions through revenue reserves. They also enjoy, unlike unit trusts and OEICs, the benefit of continuous dealing during market hours.

The Company is an Alternative Investment Fund in accordance with the Alternative Investment Fund Managers Directive (AIFMD). BlackRock Fund Managers Limited (the Manager) is the Company's Alternative Investment Fund Manager. The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager. The Manager, operating under guidelines determined by the Board, has direct responsibility for decisions relating to the running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

The Company delegates fund accounting services to BlackRock Investment Management (UK) Limited (BIM (UK) or the Investment Manager), which in turn sub-delegates these services to the Fund Accountant, The Bank of New York Mellon (International) Limited, and also sub-delegates registration services to the Registrar, Computershare Investor Services PLC. Other service providers include the Depositary, also performed by The Bank of New York Mellon (International) Limited. Details of the contractual terms with these service providers are set out in the Directors' Report on page 47.

## Business model

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

The Company's business model follows that of an externally managed investment trust, therefore the Company does not have any employees and outsources its activities to third party service providers, including the Manager which is the principal service provider.

## Investment strategy and policy

The Company's policy is that the portfolio will usually consist of approximately 30-60 securities and the Company will invest primarily in the securities of companies listed or admitted to trading in the UK. The Company may invest up to 20% of the gross asset value of the Company in the securities of companies that are not listed or admitted to trading in the UK.

The Company may hold a maximum of 10% of the issued ordinary share capital of any company. No more than 15% of the gross asset value of the Company may be invested in the securities of any one issuer, calculated at the time of any relevant investment. Cash may not exceed 10% of the net asset value of the Company. The performance of the Company is measured by reference to the FTSE All-Share Index (the Benchmark Index) on a total return basis. Non-benchmark securities (including securities that are not listed or admitted to trading in the UK) may not exceed 20% of the gross asset value of the Company. Any non-benchmark securities which are listed or admitted to trading in the UK shall be limited to 10% of the gross asset value of the Company. Each investee company that is a constituent of the Benchmark Index is subject to a lower limit of 0% and an upper limit of plus 4 percentage points of the Company's gross asset value against such investee company's weighting in the Index on an ongoing basis, subject to an absolute sector weighting upper limit of 20% of the Company's net asset value at any time.

The Company may deal in derivatives, including options, futures, contracts for difference and derivatives not traded on or under the rules of a recognised or designated investment exchange for the purpose of efficient portfolio management. Derivatives and exchange traded funds may be dealt in only with the prior consent of the Board.

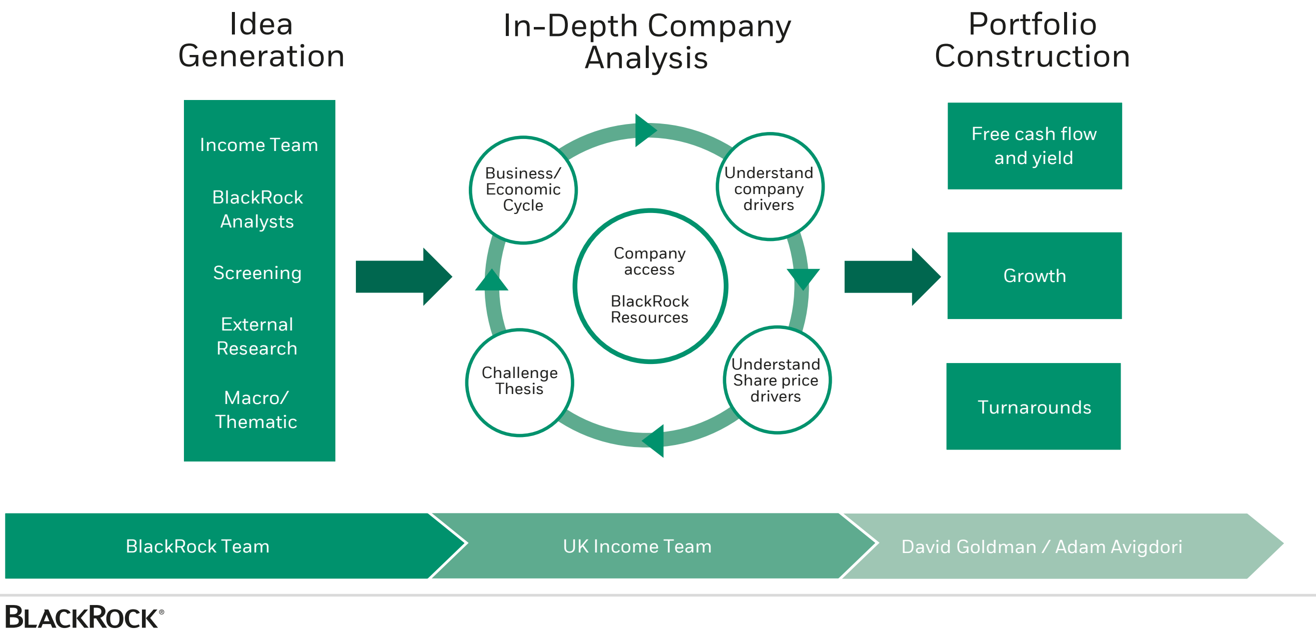
The Company achieves an appropriate spread of risk by investing in a diversified portfolio of securities.

No material change can be made to the investment policy without the approval of shareholders by ordinary resolution.

## Investment approach and process

In assembling the Company's portfolio, a relatively concentrated approach to investment is adopted to ensure that the fund manager's best ideas contribute significantly to returns. We believe that it is the role of the portfolio overall to achieve a premium level of yield rather than every individual company within it. This gives increased flexibility to invest where returns are most attractive. This relatively concentrated approach results in a portfolio which differs substantially from the Benchmark Index and in any individual year, the returns will vary, sometimes significantly, from those of the Benchmark Index. Over longer periods the objective is to achieve total returns greater than the Benchmark Index.

## Investment approach




The foundation of the portfolio, approximately 70% by value, is in high free cash flow companies that can sustain cash generation and pay a growing yield whilst aiming to deliver a double-digit total return. Additionally, the Investment Manager seeks to identify and invest 20% by value of the portfolio in 'growth' companies that have significant barriers to entry and scalable business models that enable them to grow consistently. Turnaround companies are also sought, at around 10% by value, which represent those companies that are out of favour by the market, facing temporary challenges with high yields/ very low valuations, but with recovery potential. The return from this segment is expected to contribute meaningfully to returns over time.

## Our approach to Environmental, Social and Governance (ESG)

BlackRock believes that sustainability risk – and climate risk in particular – now equates to investment risk, and this will drive a profound reassessment of risk and asset values as investors seek to react to the impact of climate policy changes. This in turn (in BlackRock's view) is likely to drive a significant reallocation of capital away from traditional carbon intensive industries over the next decade. BlackRock believes that carbon-intensive companies will play an integral role in unlocking the full potential of the energy transition, and to do this, they must be prepared to adapt, innovate and pivot their strategies towards a low carbon economy.

As part of BlackRock's structured investment process, ESG risks and opportunities (including sustainability/climate risk) are considered within the portfolio management team's fundamental analysis of companies and industries. ESG factors have been a key consideration of the BlackRock UK Equity Team's investment process since inception and the Company's portfolio managers work closely with BlackRock Investment Stewardship (BIS) to assess the governance quality of companies and understand any potential issues, risks or opportunities.

As part of their approach to ESG integration, the portfolio managers use ESG information when conducting research and due diligence on new investments and again when monitoring investments in the portfolio. In particular, portfolio managers now have access to 1,200 key ESG performance indicators in Aladdin (BlackRock's proprietary trading system) from third-party data providers. BlackRock's internal sustainability research framework scoring is also available alongside third-party ESG scores in core portfolio management tools. BlackRock's analyst's sector expertise and local market knowledge allows it to engage with companies through direct interaction with management teams and conducting site visits. In conjunction with the portfolio management team, BIS meets with boards of companies frequently to evaluate how they are strategically managing their longer-term issues, including those surrounding ESG and the potential impact these may have on company financials. BIS's and the portfolio management team's understanding of ESG issues is further supported by BlackRock's Sustainable Investment Team (BSI). BSI look to advance ESG research and integration, active engagement and the development of sustainable investment solutions across the firm.

The Company does not meet the criteria for Article 8 or 9 products under the EU Sustainable Finance Disclosure Regulation (SFDR) and the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Further information on the Manager's approach to ESG and Socially Responsible Investing can be found in the Strategic Report on page 45.

## Gearing and borrowings

The appropriate use of gearing can add value and the Company may, from time to time, use borrowings to achieve this. The Board is responsible for the level of gearing in the Company and reviews the position at every meeting. Gearing, including borrowings and gearing through the use of derivatives (which requires prior Board approval), when aggregated with underwriting participations, will not exceed 20% of the net asset value at the time of investment, drawdown or participation. There are no derivative positions at 31 October 2023. Any borrowing, except for short-term liquidity purposes, is used for investment purposes or to fund the purchase of the Company's own shares.

At the prior year end, the Company had in place a two-year unsecured Pound Sterling revolving credit facility of £4 million, provided by ING Luxembourg S.A. The facility matured on 31 December 2022 and was repaid. The Company has put in place a replacement borrowing facility with a limit of £8 million, extended to the Company by The Bank of New York Mellon, London Branch. At the date of this report the facility was drawn down in the sum of £4 million.

## Performance

The Board also reviews regularly the Company's performance attribution analysis to understand how performance was achieved. This provides an understanding of how components such as sector exposure, stock selection and asset allocation impact performance. The table on the next page provides performance information for the current and prior year.

Details of the Company's performance for the year are also given in the Chairman's Statement on pages 5 to 8. The Investment Manager's Report on pages 11 to 15 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

## Results and dividends

The Company's revenue earnings for the year amounted to 6.54p per share (2022: 6.77p per share). The total net profit for the year, after taxation, was £2,150,000 (2022: loss of £949,000) of which the net revenue profit amounted to £1,367,000 (2022: £1,438,000) and the net capital profit amounted to £783,000 (2022: loss of £2,387,000). Details of dividends paid and declared in respect of the year are set out in the Chairman's Statement on page 6.

## Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) used to measure the progress and performance of the Company over time, and which are comparable to other investment trusts, are set out in the following table. As indicated in the footnote to the table, some of these KPIs fall within the definition of 'Alternative Performance Measures' under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary on pages 124 to 127.

Additionally, the Board regularly reviews the performance of the portfolio, the net asset value, share price, discount to NAV and ongoing charges of the Company and compares this against various companies and indices. The Board also reviews the performance of the portfolio against a benchmark index, the FTSE All-Share Index. Information on the Company's performance is given in the Chairman's Statement.

The principal KPIs are described below.

### Performance against the benchmark

The performance of the portfolio together with the performance of the Company's net asset value and share price are reviewed at each Board meeting and compared to the return of the Company's benchmark, the FTSE All-Share Index.

### Premium/discount to NAV

At each meeting the Board monitors the level of the Company's premium or discount to NAV and considers strategies for managing any premium or discount. Further details of the discount policy are provided on page 6. In the year to 31 October 2023, the Company's share price to NAV traded in the range of a discount of 3.2% to 14.0%, both on a cum income basis. The Company bought back a total of 568,428 ordinary shares during the year at an average discount of 11.7% and at an average price of 182.26p per share. The total consideration (including costs) was £1,036,000. No ordinary shares were reissued from treasury during the year.

### Ongoing charges

The Board reviews the ongoing charges and monitors the expenses incurred by the Company at each meeting. The Board also compares the level of ongoing charges against those of its peers.

| | Year ended 31 October 2023 | Year ended 31 October 2022 |
|---|---|---|
| NAV per share[1] | 194.90p | 191.63p |
| Share price[2] | 178.00p | 171.00p |
| Net asset value total return[3,4] | +5.2% | -2.3% |
| Share price total return[3,4] | +8.1% | -7.0% |
| Change in Benchmark Index[5] | +5.9% | -2.8% |
| Discount to net asset value[4] | 8.7% | 10.8% |
| Revenue earnings per share | 6.54p | 6.77p |
| Dividends per share | 7.40p | 7.30p |
| Ongoing charges[4,6] | 1.28% | 1.18% |

1 Calculated in accordance with accounting policies adopted by the Company and AIC guidelines.
2 Mid-market share price.
3 This measures the Company's share price and NAV total return, which assumes dividends paid by the Company have been reinvested.
4 Alternative Performance Measures, see Glossary on pages 124 to 127.
5 FTSE All-Share Index (total return).
6 Ongoing charges represent the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items as a % of average daily net assets.

### Performance against the Company's peers

Whilst the principal objective is to achieve growth in capital and income relative to the benchmark, the Board also monitors performance relative to a range of competitor funds, particularly those also within the AIC UK Equity Income sector.

## Principal risks

The Company is exposed to a variety of risks and uncertainties. As required by the UK Corporate Governance Code, the Board has undertaken a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

In making this assessment, the Board has considered, amongst other factors, the impact of the conflicts in Ukraine and the Middle East and their impact on the global economy. Emerging risks are considered by the Board as they come into view and are incorporated into the existing review of the Company's risk register. There has been no material change in the risks faced by the Company as identified and assessed during the year.

A core element of this process is the Company's risk register which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the controls established for mitigation. A residual risk rating is then calculated for each risk. The risk register is regularly reviewed and the risks reassessed. The risk environment in which the Company operates is also monitored and regularly appraised. New risks are also added to the register as they are identified which ensures that the document continues to be an effective risk management tool. The risk register, its method of preparation and the operation of key controls in the Investment Manager's and third-party service providers, systems of internal control are reviewed on a regular basis by the Audit Committee.

Additionally, the Investment Manager considers emerging risks in numerous forums and the Risk and Quantitative Analysis team produces an annual risk survey. Any material risks of relevance to the Company identified through the annual risk survey will be communicated to the Board.

In order to gain a more comprehensive understanding of the Investment Manager's and other third-party service providers' risk management processes and how these apply to the Company's business, the Audit Committee periodically receives presentations from BlackRock's Internal Audit and Risk & Quantitative Analysis functions. The Audit Committee also reviews Service Organisation Control (SOC 1) reports from the Company's service providers.

The current risk register includes a range of risks which are categorised under the following headings:

- investment performance;
- income/dividend;
- gearing;
- legal, regulatory and tax compliance;
- operational;
- market; and
- financial.

The principal risks identified are described in detail within the table on pages 35 to 38, together with an explanation of how they are managed and mitigated. The Board will continue to assess these risks on an ongoing basis.

### Investment performance

#### Principal risk

The Board is responsible for:

- setting the investment strategy to fulfil the Company's objective; and
- monitoring the performance of the Investment Manager and the implementation of the investment strategy.

An inappropriate investment strategy may lead to:

- poor performance compared to the Benchmark Index and the Company's peer group;
- a widening discount to NAV;
- a reduction or permanent loss of capital; and
- dissatisfied shareholders and reputational damage.

The Board is also aware of the long-term risk to performance from inadequate attention to ESG issues and in particular the impact of climate change.

### Mitigation/Control

To manage this risk the Board:

- regularly reviews investment performance;
- regularly reviews the Company's investment mandate and long term strategy;
- is required to provide prior consent to the use of derivatives and exchange traded funds;
- has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on;
- reviews changes in gearing and the rationale for the composition of the investment portfolio;
- monitors the maintenance of an adequate spread of investments in order to minimise the risks associated with factors specific to particular sectors, based on the diversification requirements inherent in the investment policy; and
- monitors the discount to NAV and use of the granted buy back powers.

ESG analysis is integrated into the Manager's investment process. This is monitored by the Board.

## Income/dividend

### Principal risk

The amount of dividends and future dividend growth will depend on the Company's underlying portfolio and the dividends paid by the underlying investee companies.

Changes in the composition of the portfolio and any change in the tax treatment of the dividends or interest received by the Company may alter the level of dividends received by shareholders.

### Mitigation/Control

The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting. The Company also has a revenue reserve and powers to pay dividends from capital which could potentially be used to support the Company's dividend if required.

## Gearing

### Principal risk

The Company's investment strategy may involve the use of gearing to enhance investment returns.

Gearing may be generated through borrowing money or increasing levels of market exposure through the use of derivatives. The Company currently has an unsecured revolving credit facility provided by The Bank of New York Mellon, London Branch. The use of gearing exposes the Company to the risks associated with borrowing.

### Mitigation/Control

To manage this risk the Board has limited gearing, including borrowings and gearing through the use of derivatives, to 20% of NAV at the time of investment, drawdown or participation.

The Investment Manager will only use gearing when confident that market conditions and opportunities exist to enhance investment returns.

## Legal, regulatory and tax compliance

### Principal risk

The Company has been approved by HM Revenue & Customs as an investment trust, subject to meeting the relevant eligibility conditions and operating as an investment trust in accordance with Sections 1158 and 1159 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio.

The Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers Directive (the 'AIMFD'), the Market Abuse Regulation, the UK Listing Rules and the FCA's Disclosure Guidance & Transparency Rules.

Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010.

### Mitigation/Control

Compliance with the accounting rules affecting investment trusts are regularly monitored.

The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of proposed dividends, if any, to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached. The results are reported to the Board at each meeting. The Board is aware of the risk of potential changes in law and taxation post Brexit and will continue to monitor this closely.

The Company Secretary and the Company's professional advisers provide regular reports to the Board in respect of compliance with all applicable rules and regulation.

The Company and its appointed Alternative Investment Fund Manager (AIFM and/or Manager) are subject to the risks that the requirements of AIFMD are not correctly complied with. The Board and the Manager also monitor changes in government policy and legislation which may have an impact on the Company.

The Market Abuse Regulation came into force on 3 July 2016. The Board has taken steps to ensure that individual Directors (and their Persons Closely Associated) are aware of their obligations under the regulation and has updated internal processes, where necessary, to ensure the risk of non-compliance is effectively mitigated.

## Operational

### Principal risk

In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of BlackRock (the Investment Manager and AIFM), and of The Bank of New York Mellon (International) Limited (the Depositary and Fund Accountant), which ensures safe custody of the Company's assets and maintains the Company's accounting records. The Company's share register is maintained by the Registrar, Computershare Investor Services PLC.

Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records, as a result of a cyber-attack or otherwise, could impact the monitoring and reporting of the Company's financial position.

The security of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements, depend on the effective operation of these systems.

### Mitigation/Control

Due diligence is undertaken before contracts are entered into with third party service providers. Thereafter, the performance of the provider is subject to regular review and reports to the Board.

The Bank of New York Mellon's and BlackRock's internal control processes are regularly tested and monitored throughout the year and are evidenced through their Service Organisation Control (SOC 1) reports, which are subject to review by an Independent Service Assurance Auditor. The SOC 1 reports provide assurance in respect of the effective operation of internal controls. These reports are regularly reviewed by the Audit Committee.

The Company's assets are subject to a strict liability regime and in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control.

The Board reviews the overall performance of the Manager, Investment Manager and all other third party service providers on a regular basis and compliance with the Investment Management Agreement regularly. The Board also considers the business continuity arrangements of the Company's key service providers.

# Strategic report

continued

The Board considers succession arrangements for key employees of the Investment Manager and the Board also considers the business continuity arrangements of the Company's key service providers on an ongoing basis and reviews these as part of its review of the Company's risk register. Having considered these arrangements and reviewed service levels since the crisis has evolved, the Board is confident that a good level of service has and will be maintained.

## Market

### Principal risk

Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through realising investments at a time of negative market movements.

There is also the potential for the Company to suffer loss through holding investments in a period of negative market movements.

### Mitigation/Control

The Board considers the diversification of the portfolio, asset allocation, stock selection, and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager.

The Board monitors the implementation and results of the investment process with the Investment Manager.

The Board also recognises the benefits of a closed-end fund structure in extremely volatile markets such as those experienced with the conflict in Ukraine and, more recently, the hostilities in the Middle East and their impact on markets. Unlike open-ended counterparts, closed-end funds are not obliged to sell-down portfolio holdings at low valuations to meet liquidity requirements for redemptions. During times of elevated volatility and market stress, the ability of a closed-end fund structure to remain invested for the long term enables the Investment Manager to adhere to disciplined fundamental analysis from a bottom-up perspective.

## Financial

### Principal risk

The Company's investment activities expose it to a variety of financial risks that include market risk.

### Mitigation/Control

Details of these risks are disclosed in note 16 to the financial statements, together with a summary of the policies for managing these risks.

## Viability statement

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve months referred to by the 'Going Concern' guidelines. The Company is an investment trust with the objective of achieving capital growth and income.

The Directors believe that five years is an appropriate investment horizon to assess the viability of the Company. This is based on the Company's long-term mandate, the low turnover in the portfolio and the investment holding period investors generally consider while investing in the UK market. This period has also been selected as it is aligned to the Company's objective of achieving long-term growth in capital and income. The Board is aware of the ongoing uncertainty surrounding the potential duration of the conflicts in Ukraine and the Middle East, their impact on the global economy, and the prospects for many of the Company's portfolio holdings. Notwithstanding the impact of these events, and given the factors stated below, the Board expects the Company to continue to meet its liabilities as they fall due for the foreseeable future.

The Board conducted its review for the period up to the AGM in 2028, being a five-year period from the date that this annual report will be laid before shareholders for approval. In making this assessment the Board has considered the following factors:

- the Company's principal risks as set out above;
- the ongoing relevance of the Company's investment objective in the current environment;
- the level of demand for the Company's shares;
- the performance of the Company versus its benchmark index;
- good communication with major shareholders. At the present time there has been no indication that the continuation vote will not be successful; and
- at the close of business on 18 December 2023 the Company's shares were trading at a discount to NAV of 13.7%.

As part of its assessment the Board has also considered:

- the level of ongoing charges, both current and historical;
- the level at which the shares trade relative to NAV;
- the level of income generated; and
- future income forecasts.

The Board has concluded that the Company would be able to meet its ongoing operating costs and net current liabilities as they fall due as a consequence of:

- a liquid portfolio; and
- overheads which comprise a small percentage of net assets.

Therefore, the Board has concluded that even in exceptionally stressed operating conditions, the Company would comfortably be able to meet its ongoing operating costs as they fall due.

However, investment companies may face other challenges. These include regulatory changes, changes to the tax treatment of investment trusts, a significant decrease in size due to poor investment performance or substantial share buy back activity, which may result in the Company no longer being of sufficient market capitalisation to represent a viable investment proposition or no longer being able to continue in operation.

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

# Strategic report
continued

## Future prospects
The Board's main focus is the achievement of income and capital growth. The future performance of the Company is dependent upon the success of the investment strategy.

The outlook for the Company is discussed in the Chairman's Statement on pages 5 to 8 and in the Investment Manager's Report on pages 11 to 15.

## Social, community and human rights issues
As an investment trust, the Company has no direct social or community responsibilities.

However, the Company believes that it is in shareholders' interests to consider environmental, social and governance factors and human rights issues when selecting and retaining investments. Details of the Company's approach to socially responsible investment are set out on page 44.

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

## Directors, gender representation and employees
The Directors of the Company on 31 October 2023, all of whom held office throughout the year, are set out in the Governance Structure and Directors' biographies on pages 28 to 30.

The Board recognises the importance of having a range of experienced Directors with the right skills and knowledge to enable it to fulfil its obligations. As at 31 October 2023, the Board consisted of three male Directors and one female Director, resulting in 25% female board representation. The Company does not have any employees.

## Promoting the success of BlackRock Income and Growth Investment Trust plc

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain more fully how they have discharged their duties under Section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of members as a whole. This enhanced disclosure covers how the Board has engaged with and understands the views of stakeholders and how stakeholders' needs have been taken into account, the outcome of this engagement and the impact that it has had on the Board's decisions.

As the Company is an externally managed investment company and does not have any employees or customers, the Board considers the main stakeholders in the Company to be the shareholders, key service providers (being the Manager and Investment Manager, the Custodian, Depositary, Registrar and Broker) and investee companies. The reasons for this determination, and the Board's overarching approach to engagement, are set out below.

### Stakeholders

#### Shareholders

Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy. The Board is focused on fostering good working relationships with shareholders and on understanding the views of shareholders in order to incorporate them into the Board's strategy and objectives in delivering long-term growth and income.

#### Manager and Investment Manager

The Board's main working relationship is with the Manager, who is responsible for the Company's portfolio management (including asset allocation, stock and sector selection) and risk management, as well as ancillary functions such as administration, secretarial, accounting and marketing services.

The Manager has sub-delegated portfolio management to the Investment Manager. Successful management of shareholders' assets by the Investment Manager is critical for the Company to deliver successfully its investment strategy and meet its objective. The Company is also reliant on the Manager as AIFM to provide support in meeting relevant regulatory obligations under the AIFMD and other relevant legislation.

#### Other key service providers

In order for the Company to function as an investment trust with a listing on the premium segment of the official list of the FCA and trade on the London Stock Exchange's (LSE) main market for listed securities, the Board relies on a diverse range of service providers and advisors for support in meeting relevant obligations and safeguarding the Company's assets. For this reason the Board considers the Company's Custodian, Depositary, Registrar and Broker to be stakeholders. The Board maintains regular contact with its key external providers and receives regular reporting from them through the Board and committee meetings, as well as outside of the regular meeting cycle.

#### Investee companies

Portfolio holdings are ultimately shareholders' assets, and the Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy. The Board monitors the Investment Manager's stewardship activities and receives regular feedback from the Investment Manager in respect of meetings with the management of portfolio companies.

A summary of the key areas of engagement undertaken by the Board with its key stakeholders in the year under review and how Directors have acted upon this to promote the long-term success of the Company are set out in the table below.

## Area of Engagement

### Investment mandate and objective

#### Issue
The Board is committed to promoting the role and success of the Company in delivering on its investment mandate to shareholders over the long term. Consideration of sustainable investment is a key part of the investment process and must be factored in when making investment decisions. The Board also has responsibility to shareholders to ensure that the Company's portfolio of assets is invested in line with the stated investment objective and in a way that ensures an appropriate balance between spread of risk and portfolio returns.

#### Engagement
The Board believes that responsible investment and sustainability are important to the longer-term delivery of growth in capital and income and has worked very closely with the Manager throughout the year to review regularly the Company's performance, investment strategy and underlying policies and to understand how sustainability considerations are integrated into the investment process.

The Manager's approach to the consideration of ESG factors in respect of the Company's portfolio, as well as its engagement with investee companies to encourage the adoption of sustainable business practices which support long-term value creation, are kept under review by the Board. The Manager reports to the Board in respect of its consideration of ESG factors and how these are integrated into the investment process.

#### Impact
The portfolio activities undertaken by the Investment Manager and the performance delivered for shareholders during the year can be found in the Investment Manager's Report on pages 11 to 15.

### Discount strategy

#### Issue
The Board believes that strong performance and an attractive dividend yield enhances demand for the Company's shares, which will help to narrow the Company's discount of share price to NAV over time.

#### Engagement
The Manager reports total return performance statistics to the Board on a regular basis, along with the portfolio yield and the impact of dividends paid on brought forward distributable reserves.

The Board reviews the Company's discount/premium to NAV on a regular basis and holds regular discussions with the Manager and the Company's broker regarding the discount/premium level.

The Board has authority to buy back up to 14.99% of the Company's issued share capital (excluding treasury shares) and has an active buy back programme in place. The Company bought back a total of 568,428 ordinary shares during the year at an average discount of 11.7% and at an average price of 182.26p per share. As at the financial year end, the Company's shares were trading at a discount to NAV of 8.7%.

The Manager provides the Board with feedback and key performance statistics regarding the success of the Company's marketing initiatives which include messaging to highlight the dividends.

The Board also reviews feedback from shareholders in respect of the level of dividend.

#### Impact
The average discount for the year to 31 October 2023 was 9.6%. During the year the Company's share price has traded at a minimum discount of 3.2% to a maximum discount of 14.0%, both on a cum income basis.

The Board believes the buy back activity undertaken during the year has been effective in reducing the discount.

## Service levels of third party providers

### Issue

The Board acknowledges the importance of ensuring that the Company's principal suppliers are providing a suitable level of service: including the Manager in respect of investment performance and delivering on the Company's investment mandate; the Custodian and Depositary in respect of their duties towards safeguarding the Company's assets; the Registrar in its maintenance of the Company's share register and dealing with investor queries and the Company's Brokers in respect of the provision of advice and acting as a market maker for the Company's shares.

### Engagement

The Manager reports to the Board on the Company's performance on a regular basis. The Board carries out a robust annual evaluation of the Manager's performance, their commitment and available resources.

The Board performs an annual review of the service levels of all third party service providers and concludes on their suitability to continue in their role.

The Board receives regular updates from the AIFM, Depositary, Registrar and Brokers.

The Board has worked closely with the Manager to gain comfort that relevant business continuity plans are operating effectively for all of the Company's service providers.

### Impact

Performance evaluations were performed on a timely basis and the Board concluded that all third party service providers, including the Manager, Custodian, Depositary and Fund Administrator were operating effectively and providing a good level of service.

The Board has received updates in respect of business continuity planning from the Manager, Custodian, Depositary, Fund Administrator, Brokers and Registrar, and is confident that arrangements are in place to ensure that a good level of service will continue to be provided in the event of disruption, for example the COVID-19 pandemic.

## Board composition

### Issue

The Board is committed to ensuring that its own composition brings an appropriate balance of knowledge, experience, diversity and skills, and that it is compliant with best corporate governance practice under the UK Code of Corporate Governance, including guidance on tenure and the composition of the Board's committees.

### Engagement

Over recent years the Board undertook a review of succession planning arrangements and identified the need for action given that, if no action were taken, a majority of Board Directors would have had tenure in excess of nine years. The Board, discharging the duties of a Nomination Committee, agreed the selection criteria and the method of selection, recruitment and appointment. Board diversity, including gender, was taken into account when establishing the criteria. 50% of the Board was appointed after 2019.

All Directors are subject to a formal evaluation process on an annual basis (more details and the conclusions in respect of the 2023 evaluation process are given on page 54). All Directors stand for re-election by shareholders annually. Shareholders may attend the AGM and raise any queries in respect of Board composition or individual Directors in person, or may contact the Company Secretary or the Chairman using the details provided on page 114 if they wish to raise any issues.

### Impact

The Board recognises the benefits of diversity and a structured process of ongoing refreshment and will continue to consider regularly its composition.

The Directors are not aware of any issues that have been raised directly by shareholders in respect of Board composition in 2023. Through its Manager and Corporate Broker, there is regular contact with major shareholders. Shareholders are able to raise any concerns in this regard at the AGM or alternatively they may write to the Chairman of the Board. Details of the proxy voting results in favour and against individual Directors' re-election at the 2023 AGM are given on the Company's website at www.blackrock.com/uk/brig. Historical proxy voting results can be found under the 'Further Literature' tab.

## Shareholders

### Issue

Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy.

# Strategic report
continued

### Engagement

The Board is committed to maintaining open channels of communication and to engage with shareholders. The Company welcomes and encourages attendance and participation from shareholders at its Annual General Meetings. Shareholders therefore have the opportunity to meet the Directors and Investment Manager and to address questions to them directly.

The Annual Report and Half-Yearly Financial Report are available on the BlackRock website and are also circulated to shareholders either in printed copy or via electronic communications. In addition, regular updates on performance, monthly factsheets, the daily NAV and other information are also published on the website at www.blackrock.com/uk/brig.

The Company also has an arrangement in place whereby at every fifth Annual General Meeting of the Company, shareholders shall be asked to approve the continuation of the Company as an investment trust by ordinary resolution. This mechanism provides shareholders with a regular opportunity at which they can realise the value of their shares. The Board, through its Manager and corporate advisers, engaged with major shareholders on the continuation vote held in March this year and it was confirmed that there was no dissatisfaction and that they would support continuation. The vote was subsequently passed with 99.8% in favour of continuation.

The Board also works closely with the Investment Manager to develop the Company's marketing strategy, with the aim of ensuring effective communication with shareholders in respect of the investment mandate and objective. Unlike trading companies, one-to-one shareholder meetings usually take the form of a meeting with the Investment Manager as opposed to members of the Board. As well as attending regular investor meetings the Investment Manager holds regular discussions with wealth management desks and offices to build on the case for, and understanding of, long-term investment opportunities in the UK market.

The Investment Manager also coordinates public relations activity, including meetings with relevant industry publications to set out their vision for the portfolio strategy and outlook for the UK equity market. The Investment Manager releases monthly portfolio updates to the market to ensure that investors are kept up to date in respect of performance and other portfolio developments, and maintains a website on behalf of the Company that contains relevant information in respect of the Company's investment mandate and objective. If shareholders wish to raise issues or concerns with the Board, they are welcome to do so at any time.

The Chairman is available to meet directly with shareholders periodically to understand their views on governance and the Company's performance. He may be contacted via the Company Secretary whose details are given on page 114.

### Impact

The Board values any feedback and questions from shareholders ahead of and during Annual General Meetings in order to gain an understanding of their views and will take action when and as appropriate.

Feedback and questions will also help the Company evolve its reporting, aiming to make reports more transparent and understandable. Feedback from all substantive meetings between the Investment Manager and shareholders will be shared with the Board. The Directors will also receive updates from the Company's broker on any feedback from shareholders, as well as share trading activity, share price performance and an update from the Investment Manager.

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## The Board's approach to Sustainability and ESG

Material environmental, social and governance (ESG) issues can present both opportunities and threats to long-term investment performance. These ethical and sustainability issues are a key focus of the Board and your Board is committed to a diligent oversight of the activities of the Manager in these areas. The Board believes effective engagement with management is, in most cases, the most effective way of driving meaningful change in the behaviour of investee company management. This is particularly true for the Company's Manager given the extent of BlackRock's shareholder engagement. The Board believes that BlackRock is well placed as Manager to fulfil these requirements due to the integration of ESG into its investment processes, the emphasis it places on sustainability, its approach in its investment stewardship activities and its position in the industry as one of the largest suppliers of sustainable investment products in the global market. More information on BlackRock's approach to responsible investing is set out on page 45.

By order of the Board

**KEVIN MAYGER**
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
20 December 2023

# Responsible ownership: BlackRock's approach to sustainable investing

## Investment Stewardship

Consistent with BlackRock's fiduciary duty as an asset manager, BlackRock Investment Stewardship's (BIS) purpose is to support investee companies in their efforts to deliver long-term financial value on behalf of our clients. These clients include public and private pension plans, governments, insurance companies, endowments, universities, charities and, ultimately, individual investors, among others. BIS serves as an important link between BlackRock's clients and the companies they invest in. Clients depend on BlackRock to help them meet their investment goals; the business and governance decisions that companies make will have a direct impact on BlackRock's clients' long-term investment outcomes and financial well-being.

## Global Principles

The BIS Global Principles, regional voting guidelines, and engagement priorities (collectively, the "BIS policies") set out the core elements of corporate governance that guide BIS' investment stewardship efforts globally and within each regional market, including when engaging with companies and voting at shareholder meetings when authorised to do so on behalf of clients. Each year, BIS reviews its policies and updates them as necessary to reflect changes in market standards and regulations, insights gained over the year through third-party and its own research, and feedback from clients and companies. BIS' Global Principles are available on its website at www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf.

## Regional proxy voting guidelines

BIS' voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They are the benchmark against which it assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BIS applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock informs voting decisions through research and engages as necessary. BIS reviews its voting guidelines annually and updates them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

BIS' market-specific voting guidelines are available on its website at www.blackrock.com/corporate/about-us/investment-stewardship#stewardship-policies.

BlackRock is committed to transparency in terms of disclosure of its stewardship activities on behalf of clients. BIS publishes its stewardship policies – such as the BIS Global Principles, regional voting guidelines, and engagement priorities – to help BlackRock's clients understand its work to advance their interests as long-term investors in public companies. Additionally, BIS publishes both annual and quarterly reports detailing its stewardship activities, as well as vote bulletins that describe its rationale for certain votes at high profile shareholder meetings. More detail in respect of BIS reporting can be found at www.blackrock.com/corporate/about-us/investmentstewardship.

## BlackRock's reporting and disclosures

In terms of its own reporting, BlackRock believes that the Sustainability Accounting Standards Board (SASB) provides a clear set of standards for reporting sustainability information across a wide range of issues, from labour practices to data privacy to business ethics. For evaluating and reporting climate-related risks, as well as the related governance issues that are essential to managing them, the Task Force on Climate-Related Financial Disclosures (TCFD) provides a valuable framework. BlackRock recognises that reporting to these standards requires significant time, analysis and effort. BlackRock's 2022 TCFD report can be found at www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/tcfd-report-2022-blkinc.pdf.

The Company does not meet the criteria for Article 8 or 9 products under the EU Sustainable Finance Disclosure Regulation ("SFDR") and the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The Investment Manager has access to a range of data sources, including principal adverse indicator ("PAI") data, when making decisions on the selection of investments. However, whilst BlackRock considers ESG risks for all portfolios and these risks may coincide with environmental or social themes associated with the PAIs, unless stated otherwise in the AIFMD Disclosure Document, the Company does not commit to considering PAIs in driving the selection of its investments.

The above forms part of the Strategic Report.

# Directors' report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 October 2023.

## Status of the Company

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

The Company, incorporated in England and Wales with company number 4223927, is domiciled in the UK as an investment company within the meaning of Section 833 of the Companies Act 2006. It is not a close company and has no employees.

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of the Alternative Investment Fund Managers Directive (as implemented and transposed into UK law) (AIFMD). The Manager is governed by the provisions of The Alternative Investment Fund Managers Regulations 2013 (the Regulations) and is required to be authorised by the Financial Conduct Authority (FCA). It must comply with a number of obligations, including ensuring the appointment of a depositary to carry out certain functions. The AIFM must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the FCA. Further details are set out on the Company's website at www.blackrock.com/uk/brig, the AIFM Disclosures section on pages 115 to 120 and in the notes to the financial statements on pages 87 to 104.

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

## The Common Reporting Standard

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

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

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

## Shareholder Rights Directive II

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

## GDPR

Data protection rights were harmonised across the European Union following the implementation of the General Data Protection Regulation ("GDPR") on 25 May 2018. The Board has sought and received assurances from its third-party service providers that they have taken appropriate steps to ensure compliance with the regulation.

## Facilitating retail investments

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

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

## Dividends

Details of dividends paid and payable in respect of the year are set out in the Chairman's Statement on page 6.

## Investment management and administration

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014. The management contract is terminable by either party on six months' notice. BlackRock Investment Management (UK) Limited (BIM (UK)) acts as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year. BFM receives a fee of 0.60% of the market capitalisation of the Company. Further details are provided in note 4 on page 90. The Board believes the current fee structure to be appropriate for an investment company in this sector.

The Company contributes to a focused investment trust sales and marketing initiative operated by BIM (UK) on behalf of the investment trusts under its management. For 2023, the Company's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represented 0.025% per annum of its net assets (£42.7 million) as at 31 December 2022 and this contribution is matched by BIM (UK). In addition, a budget of a further £15,000 has been allocated for Company specific sales and marketing activity. The purpose of the programme is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefit of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

BFM and BIM (UK) are subsidiaries of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm.

## Appointment of the Manager

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

The Board believes that the continuing appointment of BFM (the Manager) as AIFM, and the delegation of investment management services to BIM (UK) (the Investment Manager), on the terms disclosed above, are in the interests of shareholders as a whole given their track record in managing the Company's equity portfolio.

## Depositary and Custodian

The AIFMD requires that the Company have an AIFMD compliant depositary. The Company appointed BNY Mellon Trust & Depositary (UK) Limited (BNYMTD) in this role with effect from 2 July 2014. The Depositary's duties and responsibilities are outlined in the investment fund legislation (as set out in the FCA AIF Rulebook). The main role of the Depositary under AIFM Directive is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring that the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. The Depositary receives a fee payable at a rate of 0.0095% of the net assets of the Company. The Company has appointed the Depositary in a tripartite agreement, to which the Manager as AIFM is also a signatory. The Depositary is also liable for the loss of financial instruments held in custody.

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

## Registrar

The Company has appointed Computershare Investor Services PLC as its registrar (the Registrar). The principal duty of the Registrar is the maintenance of the register of shareholders (including registering transfers). It also provides services in relation to any corporate actions, dividend administration and shareholder documentation, the Common Reporting Standard and the Foreign Account Tax Compliance Act. Computershare receive a fixed fee, plus disbursements and VAT. Fees in respect of corporate actions are negotiated on an arising basis.

# Directors' report
continued

## Exercise of voting rights in Investee Companies
The exercise of voting rights attached to the Company's portfolio has been delegated by the Company to the Investment Manager via BFM. BlackRock's approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. In BlackRock's experience, sound corporate governance contributes to companies' long-term financial performance and thus better risk-adjusted-returns. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), located in nine offices around the world. Collectively within BIS, over 18 languages are spoken and over 30 academic disciplines are represented. The team's globally coordinated, local presence and breadth of experience enables more frequent and better-informed dialogue with companies. BIS draws upon its own expertise, as well as other internal and external resources globally, to represent the long-term financial interests of clients. BIS' company analysis and engagement meeting notes are made available to BlackRock active portfolio managers. Active portfolio managers with positions in a company can vote their shares independently of BIS based on their views of what is best for their specific fund and client base.

BlackRock's Global Principles are published on its website at: www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf

The BIS Global Principles, regional voting guidelines, and engagement priorities, updated every year, form the foundation of the team's engagement with companies and voting decisions at shareholder meetings on behalf of clients. The voting guidelines are principles-based and not prescriptive because each voting situation needs to be assessed on its merits. BIS' sole focus when engaging with companies or voting at shareholder meetings is to advance the financial interests of clients. BlackRock's global corporate governance and engagement principles are published on its website at: www.blackrock.com/corporate/en-us/about-us/investment-stewardship.

During the year under review, the Investment Manager voted on 903 proposals at 43 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well-run companies, but did not support 15 management resolutions and abstained from voting on 0 resolutions. Most of the votes against were in respect of resolutions relating to directors' remuneration, or to elect or remove directors due to overboarding, which were deemed by the Investment Manager as not being in the best interests of shareholders.

## Continuation of the Company
The Company's Articles of Association (the Articles) provide for an ordinary resolution for the continuation of the Company as an investment trust to be proposed at every fifth Annual General Meeting (AGM). The next such resolution will be put to shareholders at the forthcoming AGM in 2028.

## Principal risks
The key risks faced by the Company are set out in the Strategic Report on pages 35 to 38.

## Going concern
The financial statements of the Company have been prepared on a going concern basis.

The Directors believe that having considered the Company's investment objective (see page 31), risk management policies (see pages 97 to 103), capital management policies and procedures (see page 103), the nature of the portfolio and revenue as well as cashflow/expenditure projections and net current liability position at 31 October 2023, the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future.

The Board has reviewed the investment portfolio and evaluated the continuing uncertainty surrounding the potential duration of the conflicts in Ukraine and the Middle East and their longer-term effects on the global economy and the investment portfolio.

The Company's investments are in quoted securities which are readily realisable and exceed its liabilities significantly. Gearing levels and compliance with loan covenants are reviewed by the Board on a regular basis. The forecast revenue projections are stress tested for the potential impact of foreign exchange movements and the actual revenue received and the Company's performance are reviewed on a regular basis throughout the period.

The Company is able to meet all of its financial liabilities from its assets and for the financial year to 31 October 2023, the ongoing charges amounted to 1.28% of net assets.

The Directors are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements and is financially sound.

The Company's longer-term viability is considered in the Viability Statement on page 39.

## Directors

The Directors of the Company as at 31 October 2023 and their biographies are set out on pages 29 and 30. Details of Directors' interests in the ordinary shares of the Company are set out on page 61 in the Directors' Remuneration Report. All the Directors held office throughout the year under review.

The Board may appoint additional Directors to the Board, but any Director so appointed must stand for election by the shareholders at the next AGM. Directors are also required to retire if they have served more than nine years on the Board, but then may offer themselves for annual re-election.

The Company's Articles require that each Director submit themselves for re-election at least every three years. However, in accordance with best practice and developing Corporate Governance, the Board has agreed that all Directors will retire and, if eligible, offer themselves for re-election at each AGM. Further details of the independence of the Board and Board tenure is provided in the Corporate Governance Statement on page 55.

Having considered the retiring Directors' performance within the annual Board performance evaluation process, further details of which are provided on page 54, the Board believes that the performance of all Directors continues to be effective and that they bring extensive knowledge and commercial experience to the Board and demonstrate a range of valuable business, financial and asset management skills and that they remain wholly independent. The Board therefore recommends that shareholders vote in favour of each Director's proposed re-election or election as applicable.

There were no contracts subsisting during the year under review or up to the date of this report in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

## Conflicts of interest

The Board has put in place a framework for Directors to report conflicts of interest, or potential conflicts of interest.

All Directors are required to notify the Company Secretary of any situations, or potential situations where they consider that they have or may have, a direct or indirect interest, or duty that conflicts, or possibly conflicts, with the interests of the Company. All such situations are reviewed by the Board and duly authorised. Directors are also made aware at each meeting that there remains a continuing obligation to notify the Company Secretary of any new situations that may arise, or any changes to situations previously notified. It is the Board's intention to continue to review all notified situations on a regular basis.

## Directors' remuneration report and policy

The Directors' Remuneration Report is set out on pages 60 to 62. An advisory ordinary resolution to approve this report will be put to shareholders at the Company's AGM. The Company is also required to put the Director's Remuneration Policy to a binding shareholder vote every three years. The Company's Remuneration Policy was last put to shareholders at the AGM in 2020, therefore, an ordinary resolution to approve the Remuneration Policy will next be put to shareholders at the AGM in 2026. Further details are given on pages 63 and 64.

## Directors' responsibilities

The Directors' responsibilities in preparing these financial statements are noted on pages 71 and 72.

# Directors' report

continued

## Substantial share interests

As at 31 October 2023, the Company had received notification in accordance with the FCA's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital.

| Shareholder | Number of Ordinary shares | % of issued share capital |
|---|---|---|
| Brewin Nominees Limited | 1,626,324 | 7.89 |
| JM Finn Nominees on behalf of Mrs J. E. Worsley | 1,500,000 | 7.28 |
| Cazenove Capital Management | 1,355,506 | 6.57 |
| JM Finn Nominees on behalf of the Worsley Family | 1,228,995 | 5.96 |
| Rock Nominees Limited | 1,228,175 | 5.96 |
| JM Finn Nominees on behalf of Mrs J. J. Worsley | 1,200,748 | 5.82 |
| W B Nominees Limited | 1,106,741 | 5.37 |
| Rathbone Nominees Limited | 727,737 | 3.53 |

As at 20 December 2023, the Company had not received notification of any changes to these interests.

## Share capital

Details of the Company's issued share capital are given in note 14 to the financial statements on page 95. Details of the voting rights are given in note 16 to the Notice of AGM on page 133. The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights or transfer of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company.

## Share repurchases

The Company has the authority to purchase ordinary shares in the market, to be held in treasury or for cancellation. The latest authority to repurchase ordinary shares was granted to Directors on 7 March 2023 and expires at the conclusion of the 2024 AGM. The Directors are proposing that the authority to buy back shares be renewed at the forthcoming AGM.

During the year 568,428 ordinary shares with a nominal value of 1 pence per share, which represented 2.7% of the Company's ordinary shares in issue at the start of the year (excluding shares held in treasury), were bought back in the year under review for a total consideration of £1,036,000 (including costs). All ordinary shares bought back were subsequently cancelled. Shares will only be bought back at a discount to Net Asset Value (NAV). The Company's share rating narrowed from a discount of 10.8% as at 31 October 2022 to a discount of 8.7% as at 31 October 2023.

The main objective of any buy back is to enhance the NAV per share of the remaining shares and to reduce the absolute level and volatility of any discount to NAV at which shares may trade. Although the Manager initiates the buy backs, the policy and parameters are set by the Board and are reviewed at regular intervals.

## Share issues

No new ordinary shares were issued and no existing shares were reissued from treasury during the year. The existing authority to issue new ordinary shares or sell shares from treasury was granted on 7 March 2023 and will expire at the conclusion of the forthcoming AGM. A resolution to renew this authority to issue shares or sell shares out of treasury in respect of 33% of the Company's share capital will be put to shareholders at the forthcoming AGM.

## Treasury shares

As described above, the Company is authorised to purchase its own ordinary shares to be held in treasury for reissue, or cancellation at a future date.

Treasury shares will only be reissued at prices at or above the estimated NAV per share thereby giving the Company the ability to reissue shares quickly and cost effectively, improving liquidity and providing the Company with additional flexibility in the management of its capital base. It also ensures a positive overall effect for continuing shareholders when shares are bought back at a discount and then sold at a price at or above the NAV per share.

The Board has not determined a limit for the number of shares that can be held in treasury for reissue at any one time. However, the Company intends to cancel any treasury shares purchased in excess of 33% of the issued share capital. As at 31 October 2023, 10,081,532 ordinary shares were held in treasury, representing 32.9% of the Company's issued share capital.

## Streamlined Energy and Carbon Reporting (SECR) statement: Greenhouse Gas (GHG) emissions and energy consumption disclosure

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations, nor does it have any responsibility for any other emissions producing sources under the Companies Act (Strategic Report and Directors' Reports) Regulations 2013. For the same reason, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

### Articles of Association

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

## Business of the AGM

### Annual General Meeting

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

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

The business of this year's AGM consists of 15 resolutions. Resolutions 1 to 12 are proposed as ordinary resolutions and resolutions 13 to 15 are being proposed as special resolutions.

### Resolution 1 – Approval of the Annual Report and Financial Statements

This resolution seeks shareholder approval of the Annual Report and Financial Statements for the year ended 31 October 2023 and the Auditor's report thereon.

### Resolution 2 – Approval of the Directors' Remuneration Report

This resolution is an advisory vote on the Directors' Remuneration Report, which is set out on pages 60 to 62, excluding any content relating to the remuneration policy.

### Resolution 3 – Approval of a final dividend

This resolution seeks shareholder approval of a final dividend of 4.80 pence per ordinary share for the year ended 31 October 2023.

### Resolutions 4 to 6 relate to the re-election of the Directors

The biographies of the Directors are set out on pages 29 and 30 and summarise the respective skills and experience that each Director brings to the Board enabling them to promote the long-term success of the Company. All the Directors held office throughout the year under review.

### Resolutions 7 and 8 – Appointment of the external Auditor and the Auditor's Remuneration

These resolutions relate to the appointment and remuneration of the Company's auditor. In line with emerging best corporate governance practice and The Statutory Auditors and Third Country Auditors (amendment) (EU Exit) Regulations 2019 (as amended) on mandatory audit rotation, an audit tender process was carried out by the Company during 2023 and, as a result, it was recommended that Ernst & Young LLP be appointed as the Company's independent auditors for the year starting from 1 November 2023. As a result, Deloitte LLP will not be seeking reappointment as the Company's auditor for the financial year commencing 1 November 2023. A resolution to appoint Ernst & Young LLP as auditors of the Company will be proposed at the forthcoming Annual General Meeting, together with a resolution to authorise the Audit Committee to determine their remuneration.

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

# Directors' report
continued

## Resolution 9 – Authority to allot shares
The Directors seek to renew the authority for the Directors to allot ordinary shares, for cash up to an aggregate nominal amount of £67,787.06 per annum which is equivalent to 6,778,706 ordinary shares of 1p each and represents 33% of the Company's issued ordinary share capital, excluding treasury shares, as at the date of the Notice of the AGM.

## Resolution 10 – Authority to disapply pre-emption rights
Resolution 10 empowers the Directors to allot new shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £67,787.06 which is equivalent to 6,778,706 ordinary shares of 1p each and represents 33% of the Company's issued ordinary share capital, excluding treasury shares, as at the date of the Notice of the AGM. The special resolution to be proposed will enable the Directors, at their discretion, to allot a limited number of equity securities for cash and will also provide the Directors with greater flexibility should appropriate business opportunities arise.

## Resolution 11 – Authority to buy back shares
The special resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own shares. Purchases of shares will only be made through the market for cash at prices below the estimated NAV per share at the time of the transaction.

Under the Listing Rules of the Financial Conduct Authority, the maximum price which can be paid is the higher of (i) an amount equal to 5% above the average of the market values of the ordinary shares for the five business days immediately preceding the date on which the purchase is made; and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of ordinary shares on the trading venue where the purchase is carried out.

The Directors are seeking authority to purchase up to 3,079,176 ordinary shares, being approximately 14.99% of the issued share capital, excluding treasury shares, as at the date of the Notice of the AGM.

## Special Resolution 12 – Notice period for General Meetings
Special Resolution 12 empowers the Directors to hold general meetings (other than annual general meetings) on 14 days' notice, which is the minimum notice period permitted by the Companies Act 2006. The EU Shareholder Rights Directive increases the minimum notice period to 21 days unless two conditions are met.

The first condition is that the Company offers facilities for shareholders to vote by electronic means. The second condition is that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days, hence this resolution being proposed. It is not intended that this power will be used as a matter of course, rather that this flexibility will be utilised where the Board believes that the nature of the business to be conducted requires that a general meeting be convened at 14 days' notice.

## Recommendation
The Board considers that the resolutions to be proposed at the AGM are likely to promote the success of the Company for the benefit of its shareholders as a whole and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of each resolution as they intend to do in respect of their own beneficial holdings.

## Corporate governance
Full details are given in the Corporate Governance Statement on pages 54 to 59. The Corporate Governance Statement forms part of this Directors' Report.

## Future prospects
The Board's main focus is the achievement of income and capital growth. The future performance of the Company is dependent upon the success of the investment strategy.

## Listing rule disclosures
The disclosures in accordance with Listing Rule 9.8.4R can be found on page 121.

## Audit information

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

## Auditor

A resolution to appoint Ernst & Young LLP as the Company's new auditors will be proposed at the forthcoming Annual General Meeting, together with a resolution to authorise the Audit Committee to determine their remuneration.

The Directors' Report was approved by the Board at its meeting on 20 December 2023.

By order of the Board

**KEVIN MAYGER**
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
20 December 2023

# Corporate governance statement

## Chairman’s introduction

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

The Board is ultimately responsible for framing and executing the Company’s strategy and for monitoring material risks. We seek to ensure that the Company is managed in a manner which is responsible and consistent with our belief in honesty, transparency and accountability. In our view, good governance means having effective oversight of the Company’s business and engaging effectively with investors. We consider the practice of good governance to be an integral part of the business and we are committed to maintaining high standards of financial reporting, transparency and business integrity.

## Compliance

Listed companies are required to disclose how they have applied the main principles of the UK Corporate Governance Code, as issued by the Financial Reporting Council (FRC).

The Board has also considered the principles and recommendations of the 2019 AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to listed investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders. The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors’ remuneration; and
- the need for an internal audit function, as explained on page 67.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the Company, being an externally managed investment company. In particular, all of the Company’s day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The AIC Code is available from the Association of Investment Companies (www.theaic.co.uk). The UK Corporate Governance Code is available from the Financial Reporting Council website (www.frc.org.uk).

## Performance evaluation

A formal process to evaluate thoroughly the performance of the Board, its Committees and the individual Directors on an annual basis has been established. The evaluations for the year ended 31 October 2023 have been carried out and took the form of online questionnaires and, where appropriate, interviews. In addition, the Chairman reviewed in respect of each Director their individual performance, contribution and commitment. The appraisal of the Chairman followed the same format and was led by Mr Gold. The results of these evaluations were presented to and discussed by the Board. It was agreed that the composition of the Board reflected a suitable mix of skills and experience, and that the Board, as a whole, and its Committees, continue to function effectively. No material weaknesses were identified.

## Board composition

The Board currently consists of four non-executive Directors, all of whom are independent of the Company’s Manager.

The Directors’ biographies on pages 29 and 30 demonstrate a broad range of investment, professional, commercial and financial skills which enables them to provide effective strategic leadership and proper governance of the Company. Details of the Chairman’s other significant time commitments can also be found on page 29.

The composition of the Board is kept under review and further details of the role of the Nomination Committee in this process is provided on page 57.

## Diversity

While the Board does not have a formal policy on diversity, it recognises the benefits at Board level and believes that directors should have a mix of different skills, experience, and backgrounds. A broad range of factors are taken into account when setting an appointment brief and during the search and selection process. The Board believes that all Board appointments must be made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Board currently has a 25:75 female/male gender ratio. In accordance with relevant regulation and best practice, the Board will continue to consider other diversity characteristics such as age, ethnicity, gender, disability or socio-economic background when appraising Board composition.

The Board is aware of the recommendations of the Parker Review and the recent changes to the FCA's Listing Rules which set new diversity targets and associated disclosure requirements for UK companies listed on the premium and standard segment of the London Stock Exchange and, as part of its succession planning arrangement, has an action plan in place to meet the targets.

Listing Rule 9.8.6R (9) requires listed companies to include a statement in their annual reports and accounts in respect of certain targets on board diversity, or if those new targets have not been met to disclose the reasons for this. This new requirement applies to accounting periods commencing on or after 1 April 2022 and therefore the Company has reported against these diversity targets for the year ending 31 October 2023. Further information on the composition and diversity of the Board and its Committees can be found in the disclosure table which follows below:

| **Gender** | **Number of Board members** | **Percentage of Board** | **Number of senior roles held[1]** |
|---|---|---|---|
| Men | 3 | 75 | 2 |
| Women | 1 | 25 | 0 |
| **Ethnicity[2,3]** | | | |
| White British (or any other white background) | 4 | 100 | 2 |
| Other ethnic group, including Arab | 0 | 0 | 0 |
| Black/African/Caribbean/Black British | 0 | 0 | 0 |
| Mixed/Multiple Ethnic Groups Asian/Asian British | 0 | 0 | 0 |

1 According to the Listing Rules, the Chair and Senior Independent Director are defined as senior positions. In addition, the Company considers that the role of the Audit and Management Engagement Chair is a senior position.

2 Categorisation of ethnicity is stated in accordance with the Office of National Statistics classification.

3 Columns corresponding to the 'Number in executive management' and 'Percentage of executive management' are not included in the table. These are inapplicable as the Company is externally managed and does not have executive management functions.

## Board independence and tenure

The Board's independence, including that of the Chairman, has been considered and all of the Directors are deemed to be independent in character and have no relationships or circumstances which are likely to affect their judgement.

The Board subscribes to the view expressed in the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that the length of a Director's tenure reduces his or her ability to act independently. The Board's policy on tenure is that continuity and experience add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors has been imposed, although the Board believes in the merits of periodic and progressive refreshment of its composition.

It is considered that Mr Gold and Mr Worsley, who have each served as Directors for over nine years, continue to be independent in both character and judgement and exhibit the commitment required to discharge effectively their duties to the Company and to serve the best interest of its shareholders and stakeholders. The Board has also considered the independence of Mr Worsley specifically, and has determined that he continues to act in the best interests of shareholders generally and remains independent notwithstanding he has close family ties with a significant shareholder of the Company.

## Directors' appointment, retirement and rotation

The provisions relating to the appointment of Directors are set out in the Company's Articles and further details are provided on page 49 of the Directors' Report.

# Corporate governance statement
continued

The Board has considered the position of each of the Directors as part of the annual evaluation process and believes it would be in the Company's best interests for all of the Directors, with the exception of Win Robbins who is retiring from the Board, to stand for re-election at the forthcoming AGM, given their broad experience and expertise, level of contribution and ongoing commitment to the Company.

The Directors support a planned and progressive renewing of the Board. The Board's tenure and succession policy seeks to ensure that there is an appropriate balance of skills, knowledge, independence, experience and diversity on the Board. This is achieved through the regular evaluation of both the composition and performance of the Board and, where required, the appointment of new Directors who possess appropriate skills and experience and who are able to commit the necessary time to carry out their duties effectively. Additionally, the Board is mindful of the UK Corporate Governance Code. Further information in respect of Directors tenure can be found in the Corporate Governance Statement on page 55.

### Directors' training and induction

When a new Director is appointed to the Board, they will participate in an induction programme and time will be spent with representatives of the Manager. The Director will also be provided with all relevant information regarding the Company including its strategy, policies, operations, and details of third-party service providers.

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

## Directors' liability insurance

The Company has maintained appropriate Directors' Liability Insurance cover throughout the year.

## Board's responsibilities

The Board's responsibilities are set out on page 28 along with information on the frequency of meetings. The Board may have additional ad hoc meetings to consider particular issues as they arise. Between meetings there is regular contact with the Investment Manager. A formal schedule of matters specifically reserved for decision by the Board has been adopted. The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

Strategic issues and all operational matters of a material nature are determined by the Board. The Directors have access to the advice and services of the Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that it complies with applicable rules and regulations. Where necessary, in the furtherance of their duties, the Directors may seek independent professional advice at the expense of the Company.

## Delegation of responsibilities

The Board has delegated the following areas of responsibility:

### Management and administration

The management of the investment portfolio and the administration of the Company have been delegated to BlackRock Fund Managers Limited (BFM) as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)), the Investment Manager. The contractual arrangements with, and assessment of, the Manager are summarised on page 47.

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

The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is The Bank of New York Mellon (International) Limited. The address at which this business is conducted is given on page 114.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Manager who has in turn delegated this to the Investment Manager. Details of the Investment Manager's voting policy are set out on page 48.

Much of the Board's corporate governance responsibility is discharged through the Audit, the Management Engagement and the Nomination Committees. These Committees all operate within clearly defined written terms of reference which are available upon request at the Company's registered office. More detail is given below in respect of the individual Committees.

## Audit Committee
The Report of the Audit Committee, chaired by Nicholas Gold, is contained on pages 65 to 70.

## Management Engagement Committee
The Management Engagement Committee, chaired by Graeme Proudfoot, comprises the full Board. The Committee annually reviews the appropriateness of the Manager's continued appointment, together with the terms and conditions thereof.

In addition to reviewing performance, the Manager is also assessed in relation to the quality of the fund management and administration teams, commitment to their investment trust business, strength of relationships with shareholders and the appropriateness of the management contract, including fees.

## Remuneration Committee
As stated in the Directors' Remuneration Report on page 60, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

## Nomination Committee
The Nomination Committee, chaired by Graeme Proudfoot, comprises the full Board. The Committee meets at least annually to review the structure, size and composition of the Board and its balance of skills, experience, independence, knowledge and diversity. Consideration will also be given to succession planning for Directors, including the Chairman, taking into account the challenges and opportunities facing the Company and the skills and expertise needed for the future. From this evaluation the Committee will consider the appointment of additional Directors. A description of the role would be prepared setting out the capabilities required. The Committee would also take into account the need to have a balance of skills, experience, knowledge, independence and all aspects of diversity, including gender. Any appointments to the Board will be based on merit.

The method of selection, recruitment and appointment will also be agreed by the Committee and the services of external search consultants may be used to identify potential candidates.

Details of the number of scheduled Board and Committee meetings attended by each Director are provided on pages 28 to 30.

# Internal controls
The Board is responsible for:

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

These responsibilities are addressed through the Company's risk register, which sets out the risks relevant to the Company and describes the controls that the Board, the AIFM, the Investment Manager and other third-party service providers have in place to mitigate these risks. The Board has delegated the review of this register to the Audit Committee, which reviews the effectiveness of these internal control systems on an ongoing basis to identify, evaluate and manage the Company's significant risks.

As part of that process, there are procedures designed to capture and evaluate any failings or weaknesses. Should a significant issue be identified, procedures exist to ensure that necessary action is taken to remedy the failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

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

The Company's risk register sets out the risks relevant to the Company and describes the controls that the Board has in place as well as the internal controls that are in place at the AIFM, the Investment Manager and other third party service providers to mitigate these risks. The Audit Committee formally reviews this register on a semi-annual basis and the Manager will report on any significant issues that have been identified in the period relevant to the risk register.

# Corporate governance statement
continued

In addition, BlackRock's internal audit department regularly reports to the Audit Committee on the results of testing performed in relation to BlackRock's internal control processes. The Depositary also reviews the control processes in place at the Custodian, the Fund Accountant and the AIFM and reports formally to the Audit Committee twice yearly.

Both the Manager and the Depositary will escalate issues and report to the Audit Committee outside of these meetings on an ad hoc basis to the extent that this is required.

The Audit Committee also receives regular Service Organisation Control (SOC 1) Reports respectively from BlackRock and The Bank of New York Mellon on the internal controls of their respective operations, together with the opinion of their reporting accountants.

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

The Board receives revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance. The Board and the Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting. These reports form part of the documentation used by the Board to determine the appropriateness of adopting the going concern basis for the production of the Company's Annual Report and Financial Statements. Conclusions on the Company's longer-term viability and going concern are set out on pages 39 and 44.

The Company does not have its own internal audit function, as explained in the Report of the Audit Committee on page 65.

## Financial reporting
The Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements is set out on pages 71 and 72, the Independent Auditor's Report on pages 76 to 82 and the statement of going concern on pages 48 and 49.

## Socially responsible investment and ESG considerations
Generally, investment trusts do not employ staff and accordingly have no direct impact on social matters but can be significant investors in the economies of the regions in which they invest. The Board believes that it is important to consider whether investee companies act responsibly in respect of environmental, ethical and social issues. The Manager's evaluation procedures and financial analysis of the companies within the portfolio includes research and appraisal, and also takes into account environmental policies, social, ethical and other business issues. However, the Company invests primarily on financial grounds to meet its stated investment objective. In this regard, the Manager's UK Equities team works closely with their internal Investment Stewardship team.

The Manager defines environmental, social, and governance (ESG) integration as the practice of incorporating material ESG information into investment decisions in order to enhance risk-adjusted returns. The Manager can use ESG information when conducting research and due diligence on new investments, and again when monitoring investments in a portfolio. Of course, ESG information is not the sole consideration for investment decisions; instead, the Manager's investment professionals assess a variety of economic and financial indicators, which can include ESG issues, to make investment decisions appropriate for clients' objectives.

The Manager's approach to ESG integration is to broaden the total amount of information its investment professionals consider in order to improve investment analysis, seeking to meet or exceed economic return and financial risk targets.

Further information on responsible investing and ESG matters can be found on page 45 and the Board's policy is set out on pages 32 and 33.

## Criminal Finances Act
The Criminal Finances Act 2017 introduced a new corporate criminal offence of "failing to take reasonable steps to prevent the facilitation of tax evasion". The Board has confirmed that it is the Company's policy to conduct all of its business in a transparent and ethical manner. The Board takes a zero-tolerance approach to facilitation of tax evasion.

## Bribery prevention policy

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

## Communication with shareholders

The Notice of AGM, which is sent out at least 20 working days in advance of the meeting, sets out the business of the Meeting and any item not of an entirely routine nature is explained in the Directors' Report on pages 51 and 52. In accordance with corporate governance best practice, separate resolutions are proposed for substantive issues.

The Board encourages all shareholders to attend the AGM. However, if you are unable to attend in person you can still exercise your shareholder rights by voting by proxy. Further information on how to vote electronically can be found on page 109 or you can fill out and return your proxy card. Alternatively, if you hold your shares via an investment platform or nominee you will need to contact them directly to vote your shares at the AGM.

Regular updates on performance are available to shareholders on the Company's website at: www.blackrock.com/uk/brig. The Investment Manager will review the Company's portfolio and performance at the AGM, when the Chairman of the Board and the Chairman of the Audit Committee and representatives of the Investment Manager will be available to answer shareholders' queries. Proxy voting figures will be announced to shareholders at the AGM and will be available on the Company's website shortly after the meeting. In accordance with provisions of the UK Code of Corporate Governance, when, in the opinion of the Board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board will explain, when announcing the results of voting, what actions it intends to take to understand the reasons behind the vote result.

The Board is keen to understand the views of all shareholders and is available to meet shareholders with, or without, representatives of the Manager or Investment Manager being present. There is also a programme of presentations made by the Investment Manager. The Board discusses with the Investment Manager at each Board meeting any feedback from meetings with shareholders and also receives reports from its corporate broker.

The Board welcomes feedback from shareholders and there is also a clear channel for communication between the Board and the Company's shareholders via the Company Secretary. The Company Secretary has no express authority to respond to enquiries addressed to the Board and all communication, other than junk mail, is redirected to the Chairman. Should you wish to contact the Board you can do so by writing to cosec@blackrock.com.

The Company's financial statements, regular factsheets and other information are also published on the BlackRock website at www.blackrock.com/uk/brig. Should you wish to contact the Board you can do so by writing to cosec@blackrock.com.

The work undertaken by the Auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

There is also a section within this report entitled "Additional Information – Shareholder Information", on pages 108 to 111, which provides an overview of useful information available to shareholders.

## Disclosure guidance and transparency rules

Other information required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules has been placed in the Directors' Report on pages 46 to 53 because it is information which refers to events that have taken place during the course of the year.

For and on behalf of the Board

**GRAEME PROUDFOOT**
Chairman
20 December 2023

# Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 31 October 2023 which has been prepared in accordance with Sections 420-422 of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 76 to 82.

## Statement by the Chairman

A key driver of the remuneration policy is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience.

The Company's Directors' Remuneration Policy was last reviewed on 6 September 2023. Following this review, it was agreed that that Directors' fees would be increased to the levels set out in the remuneration policy on page 64. The basis for determining the level of any change in Directors' remuneration is also set out in the remuneration policy on pages 63 and 64. Prior to this increase, Directors' fees were last increased on 1 November 2021. No discretionary fees have been paid to Directors during the year or previous year or since inception and the payment of such fees is expected to be a rare occurrence, only necessary in exceptional circumstances. Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken and why it was deemed necessary to pay such additional remuneration.

## Remuneration committee

The Board as a whole fulfils the function of the Remuneration Committee and considers any change in the Directors' remuneration policy. A separate Committee has therefore not been established. The Company's Directors are all non-executive and are independent of the Manager. No advice or services were provided by any external agencies or third parties.

## Implementation of the Remuneration Policy

The Directors intend that the Remuneration Policy will be implemented as set out on pages 63 and 64.

## Remuneration/service contracts

The maximum remuneration of the Directors is determined within the limits of the Company's Articles and currently amounts in aggregate to £150,000. No element of the Directors' remuneration is performance related. The Company has not awarded any share options or long-term performance incentives to any of the Directors. None of the Directors has a service contract with the Company or receives any non-cash benefits or pension entitlements. The terms of their appointment are detailed in an appointment letter issued to them when they join the Board. These letters are available for inspection at the registered office of the Company.

## Remuneration implementation report

A single figure for the total remuneration of each Director is set out in the table below for the years ended 31 October 2023 and 2022. The information in the table below has been audited.

| | 31 October 2023 | | | 31 October 2022 | | |
|---|---|---|---|---|---|---|
| **Directors** | **Base Salary** | **Taxable benefits** | **Total** | **Base Salary** | **Taxable benefits** | **Total** |
| | **£** | **£** | **£** | **£** | **£** | **£** |
| Graeme Proudfoot[1] | 31,750 | – | 31,750 | 30,750 | – | 30,750 |
| Nicholas Gold[2] | 26,000 | – | 26,000 | 25,000 | – | 25,000 |
| Charles Worsley[3] | 22,500 | – | 22,500 | 21,500 | – | 21,500 |
| Win Robbins[4] | 22,500 | – | 22,500 | 21,500 | – | 21,500 |
| **Total** | **102,750** | **–** | **102,750** | **98,750** | **–** | **98,750** |

1 Appointed as a Director on 1 November 2019 and became Chairman on 12 March 2020.
2 Appointed as a Director on 17 December 2008 and became Chairman of the Audit Committee on 20 April 2009.
3 Appointed as a Director on 19 April 2010.
4 Appointed as a Director on 15 December 2020.

No discretionary payments were made in the year to 31 October 2023 (2022: nil).

The information in the table on the previous page and the accompanying narrative has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors. As at 31 October 2023, fees of £9,000 (2022: £8,000) were outstanding to Directors in respect of their annual fees.

## Relative importance of spend on pay

As the Company has no employees, the table below also comprises the total remuneration costs and benefits paid by the Company. To enable shareholders to assess the relative importance of spend on pay, this has been shown in the table below compared to the Company's net profit on ordinary activities after taxation, total operating expenditure and dividend distributions.

| | 2023 £'000 | 2022 £'000 | Change £'000 |
|---|---|---|---|
| Directors' total remuneration | 103 | 99 | +4 |
| Dividends paid and payable | 1,530 | 1,536 | -6 |
| Return on ordinary activities after taxation (capital and income) | 2,149 | (949) | +3,098 |
| Buy back of ordinary shares | 1,029 | 414 | +615 |

## Annual percentage change in Directors' remuneration

The following table sets out the annual percentage change in Directors' fees for the year to 31 October 2023:

| | |
|---|---|
| Chairman | +3.3% |
| Audit Committee Chairman | +4.0% |
| Director | +4.7% |

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

## Five year change comparison

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

| | 2023 £ | 2018 £ | Change |
|---|---|---|---|
| Chairman | 31,750 | 28,750 | +10.4% |
| Audit Committee Chairman | 26,000 | 23,250 | +11.8% |
| Director | 22,500 | 19,750 | +13.9% |

## Shareholdings

The interests of the Directors in the ordinary shares of the Company, as at 31 October 2023, are set out in the table below. The Company does not have a share option scheme, therefore none of the Directors has an interest in any share options in the Company. There is no requirement for Directors to hold shares in the Company.

| | As at 31 October 2023 | As at 31 October 2022 |
|---|---|---|
| Graeme Proudfoot (Chairman) | 60,000 | 60,000 |
| Nicholas Gold | 43,175 | 20,000 |
| Charles Worsley[1] | 987,539 | 987,539 |
| Win Robbins | 12,106 | 12,106 |

[1] Including a non-beneficial interest in 655,500 ordinary shares.

The information in the table above has been audited.

All of the holdings of the Directors are beneficial, other than where stated in the footnote above. No changes to these holdings have been notified up to the date of this report.

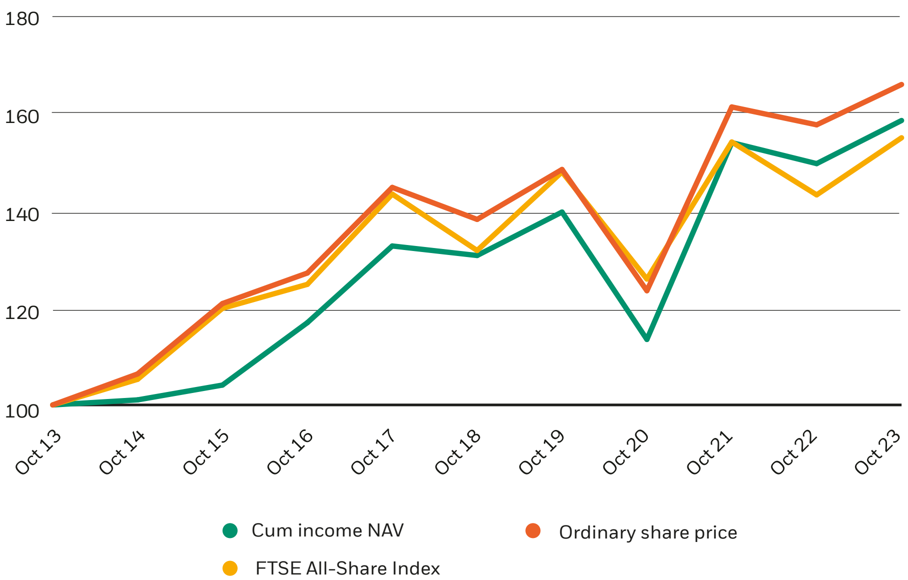
# Directors' remuneration report
continued

## Retirement of directors
The Company is in compliance with the provisions of the UK Corporate Governance Code in respect of the tenure of Directors.

Further details are given in the Directors' Report on page 49.

## Performance
The following graph compares the Company's NAV and share price total returns to ordinary shareholders compared with the total return of the FTSE All-Share Index, the Company's Benchmark Index, over the ten years to 31 October 2023.

### Performance from 1 November 2013 to 31 October 2023




Sources: BlackRock and Datastream.
Performance with dividends reinvested in Pound Sterling terms, rebased to 100 at 1 November 2013.

For and on behalf of the Board

**GRAEME PROUDFOOT**
Chairman
20 December 2023

# Directors’ remuneration policy

In setting the appropriate level of Directors’ fees, a number of factors are considered, including the workload of the Directors, their responsibilities, any change in these responsibilities and additional legal duties (for example as a result of new legislation being implemented), the relationship with their suppliers (primarily the Company’s third-party service providers) and the size and complexity of the Company. The time commitment required, the level of skills and appropriate experience required and the need for Directors to maintain on an ongoing basis an appropriate level of knowledge of regulatory and compliance requirements in an industry environment of increasing complexity are also taken into account.

The Board also considers the average rate of inflation during the period since the last fee increase and reviews the level of remuneration in comparison with other investment trusts of a similar size and/or mandate, as well as taking account of any data published by the Association of Investment Companies to ensure that fees are in line with industry practice. This comparison, together with consideration of any alteration in non-executive Directors’ responsibilities, is used to review whether any change in remuneration is necessary. The review is performed on an annual basis. The Board is aware of the need to avoid any potential conflicts of interest and has therefore agreed a mechanism by which no Director is present when his or her own pay is being considered.

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

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

The remuneration policy would be applied when agreeing the remuneration package of any new director. The terms of Directors’ appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company. Directors’ appointments do not have a fixed duration, but they can be terminated by the Company in writing at any time without obligation to pay compensation. On termination of the appointment, Directors shall only be entitled to accrued fees as at the date of termination together with reimbursement of any expenses properly incurred prior to that date. No payments for loss of office are made. Directors are also subject to re-election at least every three years and, if not elected, their appointment ceases immediately. However, in accordance with the UK Corporate Governance Code the Board have agreed that all Directors will, being eligible, stand for re-election annually. The continuation of an appointment is contingent on a satisfactory performance evaluation and re-election by shareholders at the AGM.

## Consideration of shareholders’ views

In accordance with applicable law and regulation, an ordinary resolution to approve the remuneration report is put to shareholders at each AGM, and shareholders have the opportunity to express their views and raise any queries in respect of remuneration policy at this meeting. The Company last obtained shareholder approval for its remuneration policy at the AGM held on 12 March 2020. It is the intention of the Board that the current Remuneration Policy will continue to apply for three years. In accordance with the Companies Act 2006, the remuneration policy is subject to a triennial binding shareholder vote and as such it will next be laid before shareholders at the forthcoming AGM to be held on Tuesday, 7 March 2023.

At the Company’s AGM held on 12 March 2020, 98.93% (including votes cast at the Chairman’s discretion) were in favour of the resolution to approve the remuneration policy and 1.07% of votes cast were against. In addition, 99.85% of votes cast were in favour of the resolution to approve the Directors’ remuneration report in respect of the year ended 31 October 2021 and 0.15% against.

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

# Directors’ remuneration policy

continued

## Policy table

| | |
|---|---|
| **Purpose and link to strategy** | Fees payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company’s affairs and the level of complexity of responsibilities borne by the Directors. |
| **Description** | Levels of fixed annual fee with effect from 1 November 2023<br>Chairman – £32,750<br>Audit Committee Chairman – £27,000<br>Directors – £23,500<br>All reasonable expenses to be reimbursed |
| **Maximum levels** | Remuneration consists of a fixed fee each year, set in accordance with the stated policies and any increase granted must be in line with the stated policies.<br>The Company’s Articles of Association set a limit of £150,000 in respect of the total aggregate remuneration that may be paid to Directors in any financial year. In addition, the Directors propose a limit of £10,000 in relation to the maximum that may be paid in respect of taxable benefits. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation. |
| **Policy on share ownership** | Directors are not required to own shares in the Company, although all Directors are currently shareholders. |
| **Fixed fee element** | The Board reviews the quantum of Directors’ fees each year to ensure that this is in line with the level of Directors’ fees for other investment trusts of a similar type.<br>When making recommendations for any changes in fees, the Board will consider factors such as the average rate of inflation over the period since the previous review, and the level and any change in complexity of the Directors’ responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements). Directors are not eligible to be compensated for loss of office, nor are they eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors do not have service contracts but are appointed under letters of appointment. |
| **Discretionary Payments** | The Company’s Articles of Association authorise the payment of discretionary fees to Directors for any additional work undertaken on behalf of the Company which is outside of their normal duties. Any such extra work undertaken is subject to the prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to the prior approval of the Chairman of the Audit Committee. The level of discretionary fees shall be determined by the Directors and will be subject to a maximum of £10,000 per annum per Director. Any discretionary fees paid will be disclosed in the Directors’ remuneration report within the Annual Report. |
| **Taxable benefits** | Certain expenses incurred by Directors are required to be treated as taxable benefits. Taxable benefits comprise, but are not limited to, travel expenses and subsistence incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company’s registered office in London, and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company’s policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred, including tax and national insurance costs incurred by the Directors on such expenses. |

# Report of the audit committee

The Company has established a separately chaired Audit Committee ("the Committee"). As Chairman of the Company's Committee, I am pleased to present the Committee's formal report to shareholders for the year ended 31 October 2023.

## Composition

All of the Directors are members of the Committee including the Chairman of the Company which enables him to be kept fully informed of any issues that might arise. The Directors' biographies are provided on pages 29 and 30. The Board considers that at least one member of the Committee has competence in accounting and/or auditing and the Committee as a whole has competence relevant to the sector in which the Company operates and is able to discharge its responsibilities effectively.

## Role and responsibilities

The Committee meets at least twice a year prior to the Board meetings to approve the half-yearly and annual results and to review and consider the effectiveness of the internal control and risk management processes of the Company's third-party service providers. The Committee also considers whether it is necessary to hold additional meetings during the year and will do so where required.

The Committee operates within written terms of reference which are available at www.blackrock.com/uk/brig. The Committee's principal duties, as set out in the terms of reference, fall into six main categories, as set out below. In accordance with these duties the principal activities of the Committee during the year included:

### Internal controls, financial reporting and risk management systems

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

### Internal audit

The Company does not have its own internal audit function, as all administration is delegated to the Manager. The Board considers that it is sufficient to rely on the internal audit function of BlackRock. The requirement for an internal audit function is kept under review. The external auditor obtains an understanding of the internal controls in place at both the Manager and Fund Accountant by analysing the relevant internal control reports issued by their independent auditors.

## External audit

- making recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting (AGM) in relation to the appointment, reappointment and removal of the Company's external Auditor;
- overseeing the relationship with the external Auditor;
- reviewing the scope, execution, results, cost effectiveness, independence and objectivity of the external auditor;
- meeting with the external Auditor and at least once without management being present;
- reviewing and approving the annual audit plan;
- reviewing and approving the audit and non-audit fees payable to the external auditor and the terms of its engagement;
- reviewing the findings of the audit with the external Auditor, including any major issues which arose during the audit; any accounting and audit judgements and the level of errors identified during the audit; and
- reviewing any representation letters requested by the external Auditor before signature by the Board.

# Report of the audit committee

continued

### Reporting responsibilities

- reporting to the Board on its proceedings and how it has discharged its responsibilities making whatever recommendations it deems appropriate on any area within its remit;
- where requested by the Board, providing an opinion on whether, taken as a whole, the Annual Report and Financial Statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and
- compiling a report on its activities to be included in the Annual Report and Financial Statements.

### Whistleblowing and fraud

- reviewing the adequacy and security of the Investment Manager's arrangements for its employees and contractors to raise concerns, in confidence about possible wrongdoing in financial reporting or other matters insofar as they affect the Company.

### United Kingdom Single Electronic Format regulatory technical standard (UKSEF)

We paid special attention to the preparation of our financial statements in digital form under the UKSEF taxonomy and regulatory technical standard. We made sure the necessary procedures had been completed by all parties, including the technical accounting team of the Manager, our Fund Accountant, The Bank of New York Mellon (International) Limited and a specialist information technology provider.

### Significant issues considered regarding the Annual Report and Financial Statements

During the year, the Committee considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements. The table below sets out the key areas of risk identified by the Committee and also explains how these were addressed by the Committee. As the provision of portfolio valuation, fund accounting and administration services is delegated to the Company's Investment Manager, which sub-delegates fund accounting to The Bank of New York Mellon (International) Limited, and the provision of depositary services which is also contracted to The Bank of New York Mellon (International) Limited, the Committee has also reviewed the Service Organisation Control (SOC 1) reports prepared by BlackRock and The Bank of New York Mellon (International) Limited. This enables the Committee to ensure that the control procedures in place over the areas of risk identified in the table above are adequate and appropriate and have been designated as operating effectively by their reporting auditor.

## Significant issue

The accuracy of the valuation of the investment portfolio

### How the issue was addressed

Listed investments are valued using stock exchange prices from third party vendors. The Board and the Committee reviews detailed portfolio valuations on a regular basis throughout the year and receives confirmation from the Manager that the pricing basis is appropriate, in line with relevant accounting standards as adopted by the Company and that the carrying values are materially correct. The Board also relies on the Manager's and Fund Accountant's controls which are documented in their internal controls report which is reviewed by the Committee.

## Significant issue

The risk of misappropriation of assets and unsecured ownership of investments

### How the issue was addressed

The Depositary is responsible for financial restitution for the loss of financial investments held in custody. The Board and the Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported by the Manager to the Board and the Committee. The AIFM has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.

## Significant issue

The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income

### How the issue was addressed

The Board and the Committee reviews income forecasts, including special dividends, and receives explanations from the Investment Manager for any variations or significant movements from previous forecasts and prior year figures. The Committee also reviews the facts and circumstances of all special dividends to determine the revenue/capital treatment.

## Audit Committee Standard

The Financial Reporting Council's Audit Committee Standard 'Audit Committees and the External Audit: Minimum Standard' was published in May 2023. It is applicable to FTSE 350 companies with a premium listing on the London Stock Exchange and will operate on a comply or explain basis until the creation of the Audit, Reporting and Governance Authority (ARGA), at which time compliance will be mandated. This Standard is not anticipated to have a significant impact on the Company, but the Audit Committee will be reviewing its current practices against the Standard to avoid any non compliance when ARGA is formed.

## Auditor and audit tenure

The Company's Auditor, Deloitte LLP, first acted in this role for the year ended 31 October 2002. The appointment of the Auditor is reviewed each year and the audit partner changes at least every five years. The current audit partner is Mr John Clacy who has been the audit partner since the financial year commencing 1 November 2018.

The Committee is mindful of the regulations on mandatory auditor rotation which require the appointment of a new auditor or perform an audit tender every ten years. As a result, the Company carried out a formal tender process in September 2023 and Ernst & Young LLP is proposed as the Company's new independent auditor for the forthcoming year ending on 31 October 2024. Deloitte LLP will not seek re-election at the forthcoming Annual General Meeting. The Committee will continue to review the auditors' appointment each year to ensure that the Company is receiving an optimal level of service. There are no contractual obligations that restrict the Company's choice of auditors. The Committee appointed an internal Selection Panel (the Panel) on its behalf to review the competitive tender bids and make recommendations to it for consideration.
The Committee is responsible for overseeing the relationship with the external auditors and for considering their terms of engagement, remuneration, effectiveness, independence and continued objectivity. The Committee reviews annually the audit requirements of the Company, for the business and in the context of the external environment, placing great importance on ensuring a high quality, effective external audit process.

The Company's policy on non-audit services is set out in full in the Committee's terms of reference which are available on the Company's website at www.blackrock.com/uk/brig. In the years to 31 October 2023 and 2022 the Auditor did not provide any non-audit services to the Company. There are no contractual obligations that restrict the Company's choice of auditor.

# Report of the audit committee
continued

### Planning and preparation
As part of planning the tender process, the Committee has taken due regard of the current FRC guidance on audit tenders and has considered the relevant sections of the 'Audit Committees and the External Audit: Minimum Standard' published by the FRC in May 2023. The steps that were undertaken as part of the tender process are set out below:

The Company issued a formal Request for Proposal (RFP) to the three firms (Ernst & Young LLP, Mazars LLP and PricewaterhouseCoopers LLP) which had confirmed a willingness to participate in the tender process detailing the evaluation criteria which would be used by the Panel in informing its decision, which included but were not limited to:

- independence criteria;
- quality and clarity of audit approach and audit quality review record of the firm;
- the quality of understanding of the audit risk areas;
- audit transition and implementation plan;
- depth of understanding of the business, its industry and the risks in the industry; and
- overall quality of the response and adherence to RFP instructions.

### Written proposal
The Company received a written proposal from each of the firms.

### Presentations and Q&A session
At the final stage, the participating firms delivered presentations and their proposed audit plan, followed by a question-and answer session. The meetings were attended by all of the Panel members.

### Evaluation, assessment and Committee recommendation
The Committee's unanimous view was that each firm participated with energy, enthusiasm and integrity and that each could perform a quality audit of the Company. However, based on the evaluation criteria above, the Panel discussed and unanimously agreed to recommend PricewaterhouseCoopers LLP and Ernst & Young LLP to the Committee for consideration, but also expressed their thanks to Mazars LLP for its participation. Following a review, the Committee concurred with the Panel's findings and recommendations.

### Board decision
Based on the Panel's findings, the Committee recommended the two firms to the Board, with a preference for the tender to be awarded to Ernst & Young LLP. The Board endorsed the Committee's recommendation.

### Announcement
The Board will seek approval for Ernst & Young LLP to be appointed as external auditors at the forthcoming Annual General Meeting for the year ending 31 October 2024.

The Committee is satisfied that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014, published by the Competition and Markets Authority on 26 September 2014.

## Assessment of the effectiveness of the external audit process

The Committee has primary responsibility for assessing the effectiveness of the external audit process and for making recommendations to the Board on the appointment, reappointment or removal of the external auditor. It considers the planning, scope, quality of performance, cost effectiveness and independence of the external auditor. The Committee reviews and approves the external audit plan in advance of the audit and throughout the year, any non-audit services proposed to be performed by the external auditor. The external audit plan includes an analysis of the key audit risks and calculations of audit materiality, which the Committee considers in forming its assessment of key risks to the Company's financial statements.

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

- the quality of the audit engagement partner and the audit team;
- the expertise of the audit firm and the resources available to it;
- identification of areas of audit risk;
- planning, scope and execution of the audit;
- consideration of the appropriateness of the level of audit materiality adopted;
- the role of the Board, the Manager and other third-party service providers in an effective audit process;
- communication, by the Auditor, with the Committee; monitoring and reviewing the supply of any non-audit services, taking into account relevant ethical guidelines regarding the provision of such services;
- how the Auditor supports the work of the Committee;
- a review of the independence and objectivity of the audit firm; and
- the quality of the formal audit report to shareholders.

Feedback in relation to the audit process and the effectiveness of the Manager in performing its role is also sought from relevant parties, including the audit partner and team.

The external Auditor is invited to attend the Committee meetings at which the Half-Yearly and Annual Report and Financial Statements are considered and at which they have the opportunity to meet with the Committee without representatives of the Manager or Investment Manager being present. The effectiveness of the Committee and the Investment Manager in the external audit process is assessed principally in relation to the timely identification and resolution of any process errors or control breaches that might impact the Company's net asset values and accounting records. It is also assessed by reference to how successfully any issues in respect of areas of accounting judgement are identified and resolved; the quality and timeliness of papers analysing these judgements; the Committee and the Investment Manager's approach to the value of the independent audit; and the booking of any audit adjustments and the timely provision of draft public documents for review by the Auditor and the Committee.

To form a conclusion regarding the independence of the external Auditor, the Committee considers whether the skills and experience of the Auditor make it a suitable supplier of any non-audit services and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of any such services. On an annual basis, Deloitte LLP has reviewed the independence of its relationship with the Company and reports to the Committee providing details of any other relationships with the Manager.

As part of this review, the Auditor will provide the Committee with information about policies and processes for maintaining independence and monitoring compliance with relevant requirements. This includes information on the rotation of audit staff and partners, the level of fees that the Company pays in proportion to the overall fee income of the firm, details of any relationships between the audit firm, its staff and the Company as well as an overall confirmation from the Auditor of its independence and objectivity. As a result of this review, the Committee has concluded, that Deloitte LLP is independent of the Company and the Manager.

# Report of the audit committee

continued

## Conclusions in respect of the Annual Report and Financial Statements

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

- the comprehensive control framework over the production of the Annual Report and Financial Statements;
- the extensive levels of review that are undertaken in the production process by the Manager, the Fund Accountant and Depositary, and the Committee;
- the Manager and other third-party service providers controls to ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets; and
- the existence of satisfactory Service Organisation Control reports to verify the effectiveness of the internal controls of BlackRock, and The Bank of New York Mellon (International) Limited, the Custodian, Depositary and Fund Accountant.

The Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they are fair, balanced and understandable and provide shareholders with the information necessary to assess the Company's position, performance, business model and strategy. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of investments in general and of investment trusts in particular. The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements on pages 71 and 72.

**NICHOLAS GOLD**
Chairman of the Audit Committee
20 December 2023

# Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Ireland.

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

In preparing these financial statements, the Directors are required to:

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

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

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

The Directors have delegated responsibility to the Manager for the maintenance and integrity of the Company's corporate and financial information included on the BlackRock website.

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

Each of the Directors, whose names are listed on pages 29 and 30, confirm to the best of their knowledge that:

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

# Statement of Directors’ responsibilities in respect of the Annual Report and Financial Statements continued

The 2018 UK Corporate Governance Code requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements. The process by which the Audit Committee has reached these conclusions is set out in the Audit Committee’s report on pages 65 to 70. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 31 October 2023, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company’s position and performance, business model and strategy.

For and on behalf of the Board

**GRAEME PROUDFOOT**
Chairman
20 December 2023


THE ABSTRACT

# Financial statements

Howden Joinery was one of the midcap companies added to the portfolio in November 2022. The kitchens and joinery specialist operates over 800 depots in the UK.

PHOTO COURTESY OF HOWDEN JOINERY GROUP PLC

# Independent auditor’s report

to the members of BlackRock Income and Growth Investment Trust plc

## Report on the audit of the financial statements

### 1. Opinion

In our opinion the financial statements of BlackRock Income and Growth Investment Trust plc (the ‘company’):

- give a true and fair view of the state of the company’s affairs as at 31 October 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and the Statement of Recommended Practice issued by the Association of Investment Companies in October 2019 “Financial Statements of Investment Trust Companies and Venture Capital Trusts”; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of changes in equity;
- the statement of financial position;
- the statement of cash flows; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice issued by the Association of Investment Companies (‘SORP’) in October 2019 “Financial Statements of Investment Trust Companies and Venture Capital Trusts”.

### 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC’s Ethical Standard to the company.

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

### 3. Summary of our audit approach

| | |
|---|---|
| **Key audit matters** | The key audit matters that we identified in the current year were:<br>• Valuation of listed investments; and<br>• Ownership and existence of investments.<br>Within this report, key audit matters are identified as follows:<br>Newly identified<br>Increased level of risk<br>Similar level of risk<br>Decreased level of risk |
| **Materiality** | The materiality that we used in the current year was £402k which was determined on the basis of 1% of net assets at 31 October 2023. |
| **Scoping** | Our audit was scoped by obtaining an understanding of the entity and its environment including internal control and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. |
| **Significant changes in our approach** | There have been no significant changes in our approach from the prior period. |

## 4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- assessing the relevance and reliability of underlying data and key assumptions, such as revenue forecasts and liquidity assumptions used in the prepared forecasts;
- evaluating management's plans for future actions in relation to their going concern assessment;
- assessing market altering factors such as the high fscik inflation and high interest rate environment by looking at the operational impact; and
- assessing the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### 5.1 Valuation of listed investments

| | |
|---|---|
| **Key audit matter description** | The listed investments held by the company of £43.3m (2022: £41.6m) are key to its performance and account for the majority of the total assets (97% at 31 October 2023, 93% at 31 October 2022). Please see note 10 to the Financial Statements and the accounting policies in Note 2(g).<br><br>As the investments in the accounts are a key driver of the Company performance and due to their significance to the net asset value, there is a risk that these investments might not be correctly valued.<br><br>We have considered that there is a potential risk of fraud in this area due to the incentive for the Manager to manipulate the NAV to increase management fees. If the Company does well the Manager benefits with a higher income, which provides the incentive to manipulate the NAV balance.<br><br>The description of the key audit matter above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 66. |
| **How the scope of our audit responded to the key audit matter** | We have performed the following procedures to address this key audit matter:<br><br>• Tested the service auditor report of the administrator in order to obtain an understanding of relevant controls over the valuation of investments; and<br><br>• Independently valued 100% of the investment portfolio to closing bid prices published by an independent pricing source in order to address the risk of manipulation in investment prices outlined above. |
| **Key observations** | Based on the work performed we concluded that the valuation of listed investments is appropriate. |

# Independent auditor's report

continued

### 5.2 Ownership and existence of investments

| | |
|---|---|
| **Key audit matter description** | The listed investments held by the company of £43.3m (2022: £41.6m) are key to its performance and account for the majority of the total assets (97% at 31 October 2023, 93% at 31 October 2022). Please see note 10 to the Financial Statements and the accounting policies in Note 2(g).<br><br>There is a risk that the investments may not exist and may not represent the property of the Company, given that the investments are material to the financial statements this has the potential to lead to a material misstatement.<br><br>The description of the key audit matter above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 66. |
| **How the scope of our audit responded to the key audit matter** | We have performed the following procedures to address this key audit matter:<br><br>• Assessed the service auditor reports over the administrator in order to obtain an understanding of relevant controls over the ownership and existence of investments; and<br><br>• obtained an independent confirmation directly from the custodian of 100% of the investments held by the company at 31 October 2023.<br><br>In addition to the above procedures in direct response to the key audit matter, we also tested cut-off of investments by tracing all trades made within a five day window before and after the year-end date back to supporting documentation to evaluate whether they were accounted for in the correct period. |
| **Key observations** | Based on the work performed, we concluded that ownership and existence of investments is appropriate. |

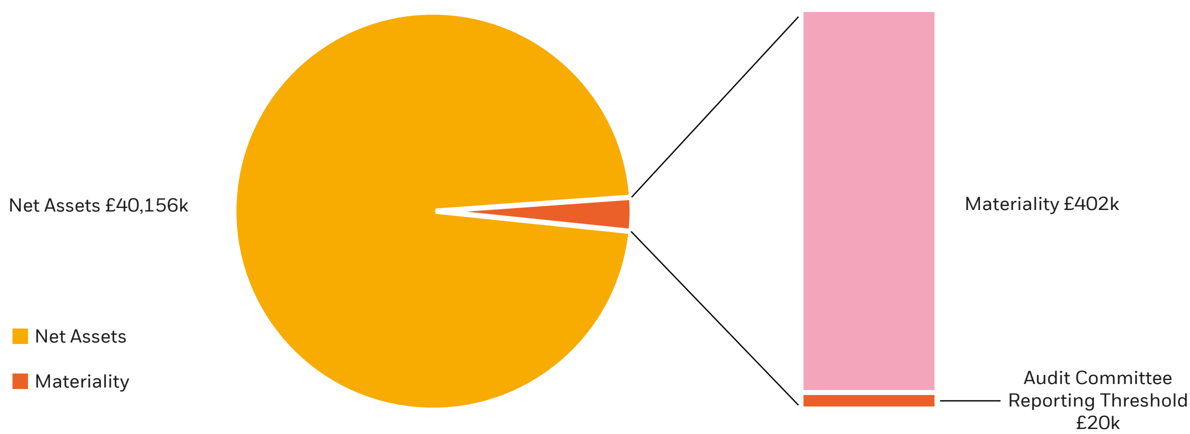
## 6. Our application of materiality

### 6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

| | |
|---|---|
| **Materiality** | £402k (2022: £406k) |
| **Basis for determining materiality** | 1% of net assets (2022: 1% of net assets) |
| **Rationale for the benchmark applied** | Net assets has been chosen as a benchmark as it is considered the most relevant benchmark for investors and is a key driver of shareholder value. |



### 6.2. Performance materiality
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2023 audit (2022: 70%). In determining performance materiality, we considered our risk assessment, including our assessment of the overall control environment of the Company, our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

### 6.3. Error reporting threshold
We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £20k (2022: £20k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## 7. An overview of the scope of our audit
### 7.1. Scoping
Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control and assessing the risks of material misstatement through quantitative and qualitative factors relating to each account balance, class of transactions and disclosure. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

As part of our risk assessment, we assessed the control environment in place at the administrator to the extent relevant to our audit.

### 7.2. Our consideration of climate-related risks
In planning our audit, we have considered the potential impact of climate change on the Company's business and its financial statements.

The Company continues to develop its assessment of the potential impacts of environmental, social and governance ("ESG") related risks, including climate change, as outlined in note 2(a).

Management has identified there to be no material impact arising from climate change on the judgements and estimates made in the financial statements, as disclosed in note 2(a).

We performed our own qualitative risk assessment of the potential impact of climate change on the Company's account balances and classes of transactions and did not identify any additional risks of material misstatement.

We have also read the annual report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

### 7.3. Our consideration of the control environment
The accounting and administration for the company has been outsourced to The Bank of New York Mellon (International) Limited ("BNYM"). As part of our audit, we obtained an understanding of relevant controls in place at BNYM from our review of the service organisation's controls assurance reports.

We obtained an understanding of the controls in place over the risk of management override of control and around the financial reporting and close process. We were able to adopt controls reliance approach over the valuation of listed investments business cycle.

We also obtained an understanding of the controls in place over the journal entry process, such as the input and review of journal entries and also the financial reporting and close process, such as the preparation and review of the financial statements.

## 8. Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## 9. Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# Independent auditor's report

continued

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

## 10. Auditor's responsibilities for the audit of the financial statements

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

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

## 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

### 11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the Directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's sector;
- any matters we identified having obtained and reviewed the Company documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team and relevant internal specialists including IT specialists and Financial Instruments specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of listed investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, as well as UK tax legislation, given the Company qualification as an Investment Trust.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

### 11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of listed investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC and the FCA; and

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

# Report on other legal and regulatory requirements

## 12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

## 13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 48;
- the directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 48;
- the directors' statement on fair, balanced and understandable set out on page 70;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 35;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 65; and
- the section describing the work of the audit committee set out on page 65.

## 14. Matters on which we are required to report by exception

### 14.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

### 14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

## 15. Other matters which we are required to address

### 15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 1 August 2002 to audit the financial statements for the year ending 31 October 2002 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 22 years, covering the years ending 31 October 2002 to 31 October 2023. Due to audit rotation requirements, this is our last year as auditor and we will be replaced for the year ending 31 October 2024.

# Independent auditor’s report

continued

### 15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

## 16. Use of our report

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

**JOHN CLACY FCA CA** (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Guernsey, United Kingdom
20 December 2023

# Income statement

for the year ended 31 October 2023

| | | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|---|
| | Notes | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Gains/(losses) on investments held at fair value through profit or loss | 10 | – | 1,119 | 1,119 | – | (2,328) | (2,328) |
| Gains on foreign exchange | | – | 2 | 2 | – | 5 | 5 |
| Income from investments held at fair value through profit or loss | 3 | 1,723 | 7 | 1,730 | 1,742 | 169 | 1,911 |
| Other income | 3 | 81 | – | 81 | 28 | – | 28 |
| **Total income/(loss)** | | **1,804** | **1,128** | **2,932** | **1,770** | **(2,154)** | **(384)** |
| **Expenses** | | | | | | | |
| Investment management fee | 4 | (59) | (176) | (235) | (59) | (178) | (237) |
| Other operating expenses | 5 | (317) | (6) | (323) | (265) | (6) | (271) |
| **Total operating expenses** | | **(376)** | **(182)** | **(558)** | **(324)** | **(184)** | **(508)** |
| **Net profit/(loss) on ordinary activities before finance costs and taxation** | | **1,428** | **946** | **2,374** | **1,446** | **(2,338)** | **(892)** |
| Finance costs | 6 | (54) | (163) | (217) | (16) | (49) | (65) |
| **Net profit/(loss) on ordinary activities before taxation** | | **1,374** | **783** | **2,157** | **1,430** | **(2,387)** | **(957)** |
| Taxation (charge)/credit | 7 | (7) | – | (7) | 8 | – | 8 |
| **Net profit/(loss) on ordinary activities after taxation** | **9** | **1,367** | **783** | **2,150** | **1,438** | **(2,387)** | **(949)** |
| **Earnings/(loss) per ordinary share (pence)** | **9** | **6.54** | **3.75** | **10.29** | **6.77** | **(11.24)** | **(4.47)** |

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

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

The notes on pages 87 to 104 form part of these financial statements.

# Statement of changes in equity

for the year ended 31 October 2023

| | Notes | Called up share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Special reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| **For the year ended 31 October 2023** | | | | | | | | |
| At 31 October 2022 | | 313 | 14,819 | 236 | 9,483 | 13,427 | 2,294 | 40,572 |
| Total comprehensive income: | | | | | | | | |
| Net profit for the year | | – | – | – | 783 | – | 1,367 | 2,150 |
| Transactions with owners, recorded directly to equity: | | | | | | | | |
| Ordinary shares purchased for cancellation | 14,15 | (6) | – | 6 | – | (1,029) | – | (1,029) |
| Share purchase costs | 15 | – | – | – | – | (7) | – | (7) |
| Dividends paid[1] | 8 | – | – | – | – | – | (1,530) | (1,530) |
| **At 31 October 2023** | | **307** | **14,819** | **242** | **10,266** | **12,391** | **2,131** | **40,156** |
| **For the year ended 31 October 2022** | | | | | | | | |
| At 31 October 2021 | | 315 | 14,819 | 234 | 11,870 | 13,843 | 2,387 | 43,468 |
| Total comprehensive (loss)/income: | | | | | | | | |
| Net (loss)/profit for the year | | – | – | – | (2,387) | – | 1,438 | (949) |
| Transactions with owners, recorded directly to equity: | | | | | | | | |
| Ordinary shares purchased for cancellation | | (2) | – | 2 | – | (414) | – | (414) |
| Share purchase costs | | – | – | – | – | (2) | – | (2) |
| Dividends paid[2] | 8 | – | – | – | – | – | (1,531) | (1,531) |
| **At 31 October 2022** | | **313** | **14,819** | **236** | **9,483** | **13,427** | **2,294** | **40,572** |

1 Interim dividend paid in respect of the six months ended 30 April 2023 of 2.60p per share was declared on 21 June 2023 and paid on 1 September 2023. Final dividend paid in respect of the year ended 31 October 2022 of 4.70p per share was declared on 2 February 2023 and paid on 15 March 2023.

2 Interim dividend paid in respect of the six months ended 30 April 2022 of 2.60p per share was declared on 22 June 2022 and paid on 1 September 2022. Final dividend paid in respect of the year ended 31 October 2021 of 4.60p per share was declared on 13 January 2022 and paid on 17 March 2022.

For information on the Company's distributable reserves please refer to note 15 on page 96.

The notes on pages 87 to 104 form part of these financial statements.

# Balance sheet

as at 31 October 2023

| | Notes | 2023 £'000 | 2022 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments held at fair value through profit or loss | 10 | 43,267 | 41,557 |
| **Current assets** | | | |
| Current tax asset | | 27 | 16 |
| Debtors | 11 | 133 | 589 |
| Cash and cash equivalents | 16 | 1,110 | 2,657 |
| **Total current assets** | | **1,270** | **3,262** |
| **Creditors – amounts falling due within one year** | | | |
| Bank loan | 12 | (4,000) | (4,000) |
| Other creditors | 12 | (381) | (247) |
| **Total current liabilities** | | **(4,381)** | **(4,247)** |
| **Net current liabilities** | | **(3,111)** | **(985)** |
| **Net assets** | | **40,156** | **40,572** |
| **Capital and reserves** | | | |
| Called up share capital | 14 | 307 | 313 |
| Share premium account | 15 | 14,819 | 14,819 |
| Capital redemption reserve | 15 | 242 | 236 |
| Capital reserve | 15 | 10,266 | 9,483 |
| Special reserve | 15 | 12,391 | 13,427 |
| Revenue reserve | 15 | 2,131 | 2,294 |
| **Total shareholders' funds** | **9** | **40,156** | **40,572** |
| **Net asset value per ordinary share (pence)** | **9** | **194.90** | **191.63** |

The financial statements on pages 83 to 104 were approved and authorised for issue by the Board of Directors on 20 December 2023 and signed on its behalf by Mr G Proudfoot, Chairman.

BlackRock Income and Growth Investment Trust plc

Registered in England, No. 4223927

The notes on pages 87 to 104 form part of these financial statements.

# Statement of cash flows

for the year ended 31 October 2023

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| **Operating activities** | | |
| Net profit/(loss) on ordinary activities before taxation | 2,157 | (957) |
| Add back finance costs | 217 | 65 |
| (Gains)/losses on investments held at fair value through profit or loss | (1,119) | 2,328 |
| Gains on foreign exchange | (2) | (5) |
| Special dividends allocated to capital | (7) | (169) |
| Sales of investments held at fair value through profit or loss | 11,482 | 17,494 |
| Purchases of investments held at fair value through profit or loss | (11,632) | (15,424) |
| Decrease in other debtors | 22 | 29 |
| Increase/(decrease) in other creditors | 134 | (62) |
| Taxation on investment income | (18) | 3 |
| **Net cash generated from operating activities** | **1,234** | **3,302** |
| **Financing activities** | | |
| Ordinary shares purchased for cancellation | (1,029) | (414) |
| Share purchase costs paid | (7) | (2) |
| Interest paid | (217) | (65) |
| Dividends paid | (1,530) | (1,531) |
| **Net cash used in financing activities** | **(2,783)** | **(2,012)** |
| **(Decrease)/increase in cash and cash equivalents** | **(1,549)** | **1,290** |
| Cash and cash equivalents at the beginning of the year | 2,657 | 1,362 |
| Effect of foreign exchange rate changes | 2 | 5 |
| **Cash and cash equivalents at end of the year** | **1,110** | **2,657** |
| **Comprised of:** | | |
| Cash at bank | 44 | 53 |
| Cash Fund[1] | 1,066 | 2,604 |
| | **1,110** | **2,657** |

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

The notes on pages 87 to 104 form part of these financial statements.

# Notes to the financial statements

for the year ended 31 October 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. Accounting policies

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

**(a) Basis of preparation**

The financial statements have been prepared on a going concern basis in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the revised Statement of Recommended Practice – Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP) issued by the Association of Investment Companies (AIC) in October 2019, and updated in July 2022, and the provisions of the Companies Act 2006.

Substantially, all of the assets of the Company consist of securities that are readily realisable and, accordingly, the Directors are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements, and therefore consider the going concern assumption to be appropriate. The Directors have reviewed compliance with the covenants associated with the bank loan facility, income and expense projections and the liquidity of the investment portfolio in making their assessment.

The Directors have considered the impact of climate change on the value of the investments included in the Financial Statements and have concluded that:

- there was no further impact of climate change to be considered as the investments are valued based on market pricing as required by FRS 102; and

- the risk is adequately captured in the assumptions and inputs used in measurement of Level 3 assets, if any, as noted in note 16 of the Financial Statements.

None of the Company's other assets and liabilities were considered to be potentially impacted by climate change.

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

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

**(b) Presentation of Income Statement**

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

**(c) Segmental reporting**

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

**(d) Income**

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

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

# Notes to the financial statements
continued

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

Deposit interest receivable is accounted for on an accruals basis. Interest income from the Cash Fund is accounted for on an accruals basis. Underwriting commission is recognised when the issue underwritten closes.

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

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

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital. Details of transaction costs on the purchases and sales of investments are disclosed in note 10, on page 94;
- expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated; and
- the investment management fee and finance costs have been allocated 25% to the revenue account and 75% to the capital account of the Income Statement in line with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

**(f) Taxation**
The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the balance sheet date.

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

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

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

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

The fair value of the financial investments is based on their quoted bid price at the balance sheet date on the exchange on which the investment is quoted, without deduction for the estimated future selling costs. Unquoted investments are valued by the Directors at fair value using International Private Equity and Venture Capital Valuation Guidelines. This policy applies to all current and non-current asset investments of the Company.

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

The fair value hierarchy consists of the following three levels:

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

Level 2 – Valuation techniques using observable inputs.

Level 3 – Valuation techniques using significant unobservable inputs.

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

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

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

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

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

**(m) Share repurchases, share reissues and new share issues**
Shares repurchased and subsequently cancelled – share capital is reduced by the nominal value of the shares repurchased and the capital redemption reserve is correspondingly increased in accordance with Section 733 of the Companies Act 2006. The full cost of the repurchase is charged to the special reserve.

Shares repurchased and held in treasury – the full cost of the repurchase is charged to the special reserve.

Where treasury shares are subsequently reissued:

- amounts received to the extent of the repurchase price are credited to the special reserve and capital reserve based on a weighted average basis of amounts utilised from these reserves on repurchases; and

- any surplus received in excess of the repurchase price is taken to the share premium account.

Where new shares are issued, the par value is taken to called up share capital and amounts received to the extent of any surplus received in excess of the par value are taken to the share premium account.

Costs on issuance of new shares are charged to the share premium account. Costs on share reissues are charged to the special reserve and capital reserve.

# Notes to the financial statements

continued

## 2. Accounting policies continued

**(n) Bank borrowings**

Bank loans are recorded as the proceeds received. Finance charges are accounted for on an accruals basis in the Income Statement.

**(o) Critical accounting judgement and key sources of estimation uncertainty**

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting judgements or estimates and the Directors do not believe that any accounting judgements or estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

## 3. Income

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| **Investment income:** | | |
| UK dividends | 1,494 | 1,447 |
| UK special dividends | 27 | 96 |
| UK property income distributions | 19 | 11 |
| Overseas dividends | 183 | 188 |
| **Total investment income** | **1,723** | **1,742** |
| **Other income:** | | |
| Interest from Cash Fund | 80 | 28 |
| Deposit interest | 1 | – |
| **Total income** | **1,804** | **1,770** |

Dividends and interest received in cash during the year amounted to £1,789,000 and £83,000 respectively (2022: £1,838,000 and £23,000).

Special dividends of £7,000 have been recognised in capital during the year (2022: £169,000).

## 4. Investment management fee

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Revenue<br>£'000 | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000 | Capital<br>£'000 | Total<br>£'000 |
| Investment management fee | 59 | 176 | 235 | 59 | 178 | 237 |
| **Total** | **59** | **176** | **235** | **59** | **178** | **237** |

Under the terms of the investment management agreement, BFM is entitled to a fee of 0.6% per annum of the Company's quarter end market capitalisation. The investment management fee is allocated 25% to the revenue account and 75% to the capital account. There is no additional fee for company secretarial and administration services.

## 5. Other operating expenses

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| **Allocated to revenue:** | | |
| Custody fees | 1 | 1 |
| Depositary fees | 5 | 5 |
| Audit fees[1] | 29 | 29 |
| Registrars' fee | 26 | 27 |
| Directors' emoluments[2] | 103 | 99 |
| Marketing fees | 14 | 13 |
| Printing and postage fees | 32 | 35 |
| Legal and professional fees | 56 | 12 |
| London Stock Exchange fee | 12 | 10 |
| FCA fee | 7 | 7 |
| Prior year expenses written back[3] | (3) | (2) |
| Other administration costs | 35 | 29 |
| | **317** | **265** |
| **Allocated to capital:** | | |
| Custody transaction costs[4] | 6 | 6 |
| | **323** | **271** |
| The Company's ongoing charges[5], calculated as a percentage of average daily net assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items were: | 1.28% | 1.18% |

1 No non-audit services were provided by the Company's auditors (2022: none).

2 Further information on Directors' emoluments can be found in the Directors' Remuneration Report on pages 60 to 62. The Company has no employees.

3 Relates to audit fees and other administration costs written back in the year ended 31 October 2023 (2022: other administration costs).

4 For the year ended 31 October 2023, expenses of £6,000 (2022: £6,000) were charged to the capital account of the Income Statement. These relate to transaction costs charged by the custodian on sale and purchase trades.

5 Alternative Performance Measure, see Glossary on pages 124 to 127.

## 6. Finance costs

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Interest on Sterling bank loan | 53 | 161 | 214 | 16 | 49 | 65 |
| Loan facility fees | 1 | 2 | 3 | – | – | – |
| | **54** | **163** | **217** | **16** | **49** | **65** |

Finance costs have been allocated 25% to the revenue account and 75% to the capital account of the Income Statement.

# Notes to the financial statements

continued

## 7. Taxation

**(a) Analysis of charge/(credit) in year**

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Revenue £'000** | **Capital £'000** | **Total £'000** | **Revenue £'000** | **Capital £'000** | **Total £'000** |
| Overseas tax suffered | 7 | – | 7 | 1 | – | 1 |
| Prior year adjustment to overseas tax suffered | – | – | – | (9) | – | (9) |
| **Total taxation charge/(credit) (note 7(b))** | **7** | **–** | **7** | **(8)** | **–** | **(8)** |

**(b) Factors affecting total taxation charge/(credit) for the year**

The taxation assessed for the year is lower (2022: higher) than the blended rate of corporation tax used of 22.52% (based on a rate of 19.00% up to 31 March 2023 and a rate of 25.00% from 1 April 2023) (2022: standard rate of 19.00%). The differences are explained below:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Revenue £'000** | **Capital £'000** | **Total £'000** | **Revenue £'000** | **Capital £'000** | **Total £'000** |
| Profit/(loss) on ordinary activities before taxation | 1,374 | 783 | 2,157 | 1,430 | (2,387) | (957) |
| Tax on profit on ordinary activities multiplied by blended rate of 22.52% (2022: standard rate of 19.00%) | 309 | 176 | 485 | 272 | (454) | (182) |
| **Effects of:** | | | | | | |
| Overseas dividends not subject to tax | (41) | – | (41) | (36) | – | (36) |
| UK dividends not subject to tax | (337) | – | (337) | (275) | – | (275) |
| Capital (gains)/losses not taxable | – | (252) | (252) | – | 410 | 410 |
| Disallowed expenses | – | 1 | 1 | – | 1 | 1 |
| Excess of allowable expenses over taxable income | 75 | 76 | 151 | 57 | 43 | 100 |
| UK special dividends not taxable | (6) | (1) | (7) | (18) | – | (18) |
| Overseas tax suffered | 7 | – | 7 | 1 | – | 1 |
| Prior year adjustment to overseas tax suffered | – | – | – | (9) | – | (9) |
| Total effect | (302) | (176) | (478) | (280) | 454 | 174 |
| **Total taxation charge/(credit) (note 7(a))** | **7** | **–** | **7** | **(8)** | **–** | **(8)** |

The Company's taxable income is exceeded by its tax allowable expenses, which include both the revenue and capital elements of the management fee and finance costs. As at 31 October 2023, the Company had accumulated surplus expenses of £14.3 million (2022: £13.8 million) and a non-trade loan relationship deficit of £2.1 million (2022: £1.9 million) giving total unutilised losses of £16.4 million (2022: £15.7 million).

As at 31 October 2023, the Company has not recognised a deferred tax asset of £4.1 million (2022: £3.9 million) in respect of these unutilised losses. The deferred tax asset has been calculated at a rate of 25% UK corporation tax (2022: 25%) based on the corporation tax rate in effect from 1 April 2023, as enacted by the Finance Act 2021. Provided the Company continues to maintain its current investment profile, it is unlikely that the losses will be utilised and that the Company will obtain any benefit from this asset.

Due to the Company's intention to meet the conditions required to obtain approval under Section 1158 of the Corporation Tax Act 2010, it has not provided deferred tax on any capital gains or losses arising on the disposal of investments.

## 8. Dividends

| Dividends paid on equity shares | Record date | Payment date | 2023 £'000 | 2022 £'000 |
|---|---|---|---|---|
| 2021 Final dividend of 4.60p | 4 February 2022 | 17 March 2022 | – | 981 |
| 2022 Interim dividend of 2.60p | 22 July 2022 | 1 September 2022 | – | 550 |
| 2022 Final dividend of 4.70p | 10 February 2023 | 15 March 2023 | 986 | – |
| 2023 Interim dividend of 2.60p | 21 July 2023 | 1 September 2023 | 544 | – |
| | | | **1,530** | **1,531** |

The Directors have proposed a final dividend of 4.80p per share in respect of the year ended 31 October 2023. The final dividend will be paid, subject to shareholders' approval, on 15 March 2024 to shareholders on the Company's register on 9 February 2024. The proposed final dividend has not been included as a liability in these financial statements as final dividends are only recognised in the financial statements when they have been approved by shareholders.

The total dividends payable in respect of the year which form the basis of determining retained income for the purpose of Section 1158 of the Corporation Tax Act 2010 and Section 833 of the Companies Act 2006, and the amount proposed for the year ended 31 October 2023, meet the relevant requirements as set out in this legislation.

| Dividends paid or declared on equity shares: | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Interim paid of 2.60p (2022: 2.60p) | 544 | 550 |
| Final proposed of 4.80p[1] (2022: 4.70p) | 986 | 986 |
| | **1,530** | **1,536** |

[1] Based on 20,541,536 ordinary shares (excluding treasury shares) in issue on 18 December 2023.

All dividends paid or payable are distributed from the Company's current year revenue profits and, if required, from brought forward revenue reserves.

# Notes to the financial statements
continued

## 9. Earnings/(loss) and net asset value per ordinary share

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

| | 2023 | 2022 |
|---|---|---|
| Net revenue profit attributable to ordinary shareholders (£'000) | 1,367 | 1,438 |
| Net capital profit/(loss) attributable to ordinary shareholders (£'000) | 783 | (2,387) |
| **Total profit/(loss) attributable to ordinary shareholders (£'000)** | **2,150** | **(949)** |
| **Total shareholders' funds (£'000)** | **40,156** | **40,572** |
| **Earnings per share** | | |
| The weighted average number of ordinary shares in issue during the year on which the earnings per ordinary share was calculated was: | 20,913,124 | 21,244,153 |
| The actual number of ordinary shares in issue at the year end on which the net asset value per ordinary share was calculated was: | 20,603,486 | 21,171,914 |
| **Calculated on weighted average number of ordinary shares:** | | |
| Revenue earnings per share (pence) – basic and diluted | 6.54 | 6.77 |
| Capital earnings/(loss) per share (pence) – basic and diluted | 3.75 | (11.24) |
| **Total earnings/(loss) per share (pence) – basic and diluted** | **10.29** | **(4.47)** |

| | As at 31 October 2023 | As at 31 October 2022 |
|---|---|---|
| Net asset value per ordinary share (pence) | 194.90 | 191.63 |
| Ordinary share price (mid-market) (pence) | 178.00 | 171.00 |

There were no dilutive securities at the year end (2022: nil).

## 10. Investments held at fair value through profit or loss

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| UK listed equity investments | 38,621 | 36,569 |
| Overseas listed equity investments | 4,646 | 4,988 |
| **Valuation of listed investments at 31 October** | **43,267** | **41,557** |
| Opening bookcost of equity investments | 40,071 | 41,317 |
| Investment holding gains | 1,486 | 4,763 |
| **Opening fair value** | **41,557** | **46,080** |
| **Analysis of transactions made during the year:** | | |
| Purchases at cost | 11,632 | 15,424 |
| Sales proceeds received | (11,041) | (17,619) |
| Gains/(Losses) on investments | 1,119 | (2,328) |
| **Closing fair value** | **43,267** | **41,557** |
| Closing bookcost of equity investments | 40,474 | 40,071 |
| Closing investment holding gains | 2,793 | 1,486 |
| **Closing fair value** | **43,267** | **41,557** |

The Company received £11,041,000 (2022: £17,619,000) from investments sold in the year. The bookcost of these investments when they were purchased was £11,229,000 (2022: £16,670,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments.

Transaction costs of £53,000 (2022: £75,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £5,000 (2022: £9,000). All transaction costs have been included within capital reserves.

## 11. Debtors

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| Sales for future settlement | – | 434 |
| Prepayments and accrued income | 133 | 155 |
| | **133** | **589** |

## 12. Creditors – amounts falling due within one year

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| Other payables | 381 | 247 |
| Bank loan | 4,000 | 4,000 |
| | **4,381** | **4,247** |

As at 31 October 2022, the Company's £4 million overdraft facility with ING Luxembourg S.A. was fully drawn down. This overdraft facility matured on 31 December 2022.

On 31 December 2022, an uncommitted revolving facility was arranged between The Bank of New York Mellon, London Branch and the Company under which BNYM agreed to make available a variable interest rate unsecured Pound Sterling revolving credit facility of up to £8 million. The amount drawn down as at 31 October 2023 was £4 million. The facility is renewed on an annual basis. Subsequent to the year end, the facility was renewed for a further period of 1 year to 20 December 2024.

The current rate of interest on the amount drawn down under facility is 6.0697%.

## 13. Reconciliation of liabilities arising from financing activities

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| **Debt arising from financing activities** | | |
| Debt arising from financing activities at beginning and end of the year | **4,000** | **4,000** |

## 14. Called up share capital

| | Ordinary shares<br>number | Treasury shares<br>number | Total shares<br>number | Nominal value<br>£'000 |
|---|---|---|---|---|
| **Allotted, called up and fully paid share capital comprised:** | | | | |
| **Ordinary shares of 1 pence each:** | | | | |
| At 31 October 2022 | 21,171,914 | 10,081,532 | 31,253,446 | 313 |
| Shares purchased for cancellation | (568,428) | – | (568,428) | (6) |
| **At 31 October 2023** | **20,603,486** | **10,081,532** | **30,685,018** | **307** |

During the year 568,428 ordinary shares (2022: 226,928) were purchased and subsequently cancelled for a total consideration including expenses of £1,036,000 (2022: £416,000).

The number of ordinary shares in issue at the year end was 30,685,018 (2022: 31,253,446) of which 10,081,532 (2022: 10,081,532) were held in treasury.

## 15. Reserves

| | Share premium account £'000 | Capital redemption reserve £'000 | Distributable reserves: Capital reserve (arising on investments sold) £'000 | Distributable reserves: Capital reserve (arising on revaluation of investments held) £'000 | Distributable reserves: Special reserve £'000 | Distributable reserves: Revenue reserve £'000 |
|---|---|---|---|---|---|---|
| At 31 October 2022 | 14,819 | 236 | 7,997 | 1,486 | 13,427 | 2,294 |
| Movement during the year: | | | | | | |
| Total comprehensive (loss)/income: | | | | | | |
| Net (loss)/profit for the year | – | – | (524) | 1,307 | – | 1,367 |
| Transactions with owners, recorded directly to equity: | | | | | | |
| Ordinary shares purchased for cancellation | – | 6 | – | – | (1,029) | – |
| Share purchase costs | – | – | – | – | (7) | – |
| Dividends paid during the year | – | – | – | – | – | (1,530) |
| **At 31 October 2023** | **14,819** | **242** | **7,473** | **2,793** | **12,391** | **2,131** |

| | Share premium account £'000 | Capital redemption reserve £'000 | Distributable reserves: Capital reserve (arising on investments sold) £'000 | Distributable reserves: Capital reserve (arising on revaluation of investments held) £'000 | Distributable reserves: Special reserve £'000 | Distributable reserves: Revenue reserve £'000 |
|---|---|---|---|---|---|---|
| At 31 October 2021 | 14,819 | 234 | 7,108 | 4,762 | 13,843 | 2,387 |
| Movement during the year: | | | | | | |
| Total comprehensive income/(loss): | | | | | | |
| Net profit/(loss) for the year | – | – | 889 | (3,276) | – | 1,438 |
| Transactions with owners, recorded directly to equity: | | | | | | |
| Ordinary shares purchased for cancellation | – | 2 | – | – | (414) | – |
| Share purchase costs | – | – | – | – | (2) | – |
| Dividends paid during the year | – | – | – | – | – | (1,531) |
| **At 31 October 2022** | **14,819** | **236** | **7,997** | **1,486** | **13,427** | **2,294** |

The Company's share premium account was cancelled pursuant to shareholders' approval of a special resolution at the Company's Annual General Meeting in 2002 and Court approval on 24 January 2002. The share premium account which totalled £61,852,000 was transferred to a special reserve. This action was taken, in part, to ensure that the Company had sufficient distributable reserves.

The share premium account and capital redemption reserve are not distributable reserves under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the special reserve and capital reserves may be used as distributable reserves for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments such as dividends. In accordance with the Company's Articles of Association, the special reserve, capital reserves and the revenue reserve may be distributed by way of dividend. The gain on the capital reserve arising on the revaluation of investments of £2,793,000 (2022: gain of £1,486,000) 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.

## 16. Risk management policies and procedures

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

**Risk management framework**

The following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM). However, as disclosed in the Corporate Governance Statement on pages 54 to 59 and in the Statement of Directors' Responsibilities on pages 71 and 72, it is the ultimate responsibility of the Board to ensure that the Company's risks are appropriately monitored, and to the extent that elements of this are delegated to third-party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of relevant agreements and taking appropriate action to the extent issues are identified.

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

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

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

**Risk Exposures**

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

**(a) Market risk**

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

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

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

The one-day VaR as of 31 October 2023 and 31 October 2022 (based on a 99% confidence level) was 1.87% and 3.44%, respectively.

# Notes to the financial statements
continued

## 16. Risk management policies and procedures continued

**(i) Market risk arising from other price risk**

**Exposure to other price risk**

Other 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 market prices of its investments and could result in increased premiums or discounts to the Company's net asset value.

The current environment of heightened geo-political risk given the war in Ukraine and the more recent hostilities in the Middle-East has undermined investor confidence and market direction. In addition to the tragic and devastating events in Ukraine and the Middle-East, 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.

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

The Company's exposure to other changes in market prices at 31 October 2023 on its equity investments was £43,267,000 (2022: £41,557,000).

**Management of other price risk**

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

**(ii) Market risk arising from foreign currency risk**

**Exposure to foreign currency risk**

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

The fair values of the Company's monetary items which have foreign currency exposure at 31 October 2023 and 31 October 2022 are shown below. Where the Company's equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

| 2023 | US Dollar £'000 | Swiss Franc £'000 | Euro £'000 |
|---|---|---|---|
| Debtors (due from brokers, withholding tax receivable, prepayments and accrued income) | 14 | 9 | 9 |
| Cash and cash equivalents | – | – | 3 |
| Creditors (due to brokers and other payables) | – | – | – |
| **Total foreign currency exposure on net monetary items** | **14** | **9** | **12** |
| Investments at fair value through profit and loss | 1,085 | 847 | 555 |
| **Total net foreign currency exposure** | **1,099** | **856** | **567** |

| 2022 | US Dollar £'000 | Euro £'000 |
|---|---|---|
| Debtors (due from brokers, withholding tax receivable, prepayments and accrued income) | 382 | 62 |
| Cash and cash equivalents | – | – |
| Creditors (due to brokers and other payables) | – | – |
| **Total foreign currency exposure on net monetary items** | **382** | **62** |
| Investments at fair value through profit and loss | 1,439 | 1,643 |
| **Total net foreign currency exposure** | **1,821** | **1,705** |

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

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

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

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

**(iii) Market risk arising from interest rate risk**
**Exposure to interest rate risk**
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

**Interest rate exposure**
The exposure at 31 October 2023 and 31 October 2022 of financial assets and liabilities to interest rate risk is shown by reference to:

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

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Within one year £'000 | More than one year £'000 | Total £'000 | Within one year £'000 | More than one year £'000 | Total £'000 |
| **Exposure to floating interest rates:** | | | | | | |
| Cash and cash equivalents | 1,110 | – | 1,110 | 2,657 | – | 2,657 |
| Bank loan | (4,000) | – | (4,000) | (4,000) | – | (4,000) |
| **Total exposure to interest rates** | **(2,890)** | **–** | **(2,890)** | **(1,343)** | **–** | **(1,343)** |

The Company does not have any fixed rate exposure at 31 October 2023 and 31 October 2022.

**Management of interest rate risk**
The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowings under the loan facility. Derivative contracts are not used to hedge against the exposure to interest rate risk.

The Company finances part of its activities through borrowings at levels approved and monitored by the Board of the Company. The Company, generally, does not hold significant cash balances, with short term borrowings being used when required.

Interest received on cash balances, or paid on the loan facility respectively, is approximately 3.82% and 6.07% per annum (2022: 0.66% and 3.14% per annum). Based on the bank loan held at the year end date, interest payments of £243,000 (2022: £125,520) are expected to be paid over the next twelve months.

# Notes to the financial statements
continued

## 16. Risk management policies and procedures continued

**(b) Counterparty credit risk**

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

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

There were no past due or impaired assets as of 31 October 2023 (2022: none). The major counterparties engaged with the Company are all widely recognised and regulated entities.

**Depositary**

The Company's Depositary is The Bank of New York Mellon (International) Limited (BNYM or the Depositary) (S&P long-term credit rating as at 31 October 2023: AA- (31 October 2022: AA-)). The Company's listed investments are held on its behalf by The Bank of New York Mellon (International) Limited (BNYM) as the Company's Custodian (as sub-delegated by the Depositary). All of the equity assets and cash of the Company are held within the custodial network of the global custodian appointed by the Depositary. Bankruptcy or insolvency of the Depositary/Custodian may cause the Company's rights with respect to its investments held by the Depositary/Custodian to be delayed or limited. The maximum exposure to this risk at 31 October 2023 is the total value of investments held with the Depositary/Custodian and cash and cash equivalents in the Balance Sheet.

In accordance with the requirements of the depositary agreement, the Depositary will ensure that any agents it appoints to assist in safekeeping the assets of the Company will segregate the assets of the Company. Thus, in the event of insolvency or bankruptcy of the Depositary, the Company's non-cash assets are segregated and this reduces counterparty credit risk. The Company will, however, be exposed to the counterparty credit risk of the Depositary in relation to the Company's cash held by the Depositary. In the event of the insolvency or bankruptcy of the Depositary, the Company will be treated as a general creditor of the Depositary in relation to cash holdings of the Company.

**Counterparties/brokers**

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

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

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

| Year | Total number of counterparties | Maximum exposure to any one counterparty[1] | Total exposure to all other counterparties[1] | Lowest credit rating of any one counterparty[2] |
|---|---|---|---|---|
| | | £'000 | £'000 | £'000 |
| 2023 | 1 | 44 | – | AA– |
| 2022 | 6 | 381 | 106 | A- |

[1] Calculated on a net exposure basis.

[2] Standard & Poor's ratings.

**Credit risk**

In summary, the exposure to credit risk at 31 October 2023 and 31 October 2022 was as follows:

| | 2023 3 months or less £'000 | 2022 3 months or less £'000 |
|---|---|---|
| Sales for future settlement | – | 434 |
| Prepayments and accrued income | 133 | 155 |
| Cash and cash equivalents | 1,110 | 2,657 |
| | **1,243** | **3,246** |

**Management of counterparty credit risk**

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

The counterparty credit risk is managed as follows:

- transactions are only entered into with those counterparties approved by RQA CCR, with a formal review carried out for each new counterparty and counterparties selected by RQA CCR on the basis of a number of risk mitigation criteria designed to reduce the risk to the Company of default;
- the creditworthiness of financial institutions with whom cash is held is reviewed regularly by RQA CCR; and
- RQA CCR reviews the credit standard of the Company's brokers on a periodic basis and set limits on the amount that may be due from any one broker.

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

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

**(c) Liquidity risk**

This is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. At the year end, the Company had a loan facility of £8 million (2022: £4 million) of which £4 million (2022: £4 million) was drawn down. Borrowings under the loan facility shall at no time exceed £8 million or 25% of the Company's net asset value and this covenant was complied with during the period.

**Liquidity risk exposure**

The undiscounted gross cash outflows of the financial liabilities as at 31 October 2023 and 31 October 2022, based on the earliest date on which payment can be required, were as follows:

| | 2023 Within 1 year £'000 | 2022 Within 1 year £'000 |
|---|---|---|
| **Undiscounted gross cash flows:** | | |
| Bank loan and interest | (4,243) | (4,126) |
| Creditors – amounts falling due within one year | (381) | (247) |
| | **(4,624)** | **(4,373)** |

# Notes to the financial statements
continued

## 16. Risk management policies and procedures continued

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

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

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

**(d) Valuation of financial instruments**
Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts and bank loans). Section 34 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note to the Financial Statements on pages 88 and 89.

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 significant inputs are directly or indirectly observable from market data.

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

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

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

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability 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 the measurement of Level 3 assets or liabilities.

**Fair values of financial assets and financial liabilities**

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

| Financial assets at fair value through profit or loss at 31 October 2023 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| Equity investments | 43,267 | – | – | 43,267 |

| Financial assets at fair value through profit or loss at 31 October 2022 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| Equity investments | 41,557 | – | – | 41,557 |

The Company held one Level 3 security as at 31 October 2023 (2022: one).

The investment in Patisserie Holdings has been valued at £nil as the company is under liquidation.

There were no transfers between levels of financial assets and financial liabilities recorded at fair value during the year ended 31 October 2023 (2022: none).

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 price related risks, including climate risk, in accordance with the fair value related requirements of the Company's financial reporting framework.

## 17. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure it will be able to continue as a going concern; and
- to promote growth in capital and income over the long-term through investments in a diversified portfolio of principally UK listed equities.

This is to be achieved through an appropriate balance of equity capital and gearing. The policy is that gearing should not exceed 20% of gross assets. The Company's objectives, policies and processes for managing capital remain unchanged from the preceding accounting period.

The Company's total capital as at 31 October 2023 was £44,156,000 (2022: £44,572,000) comprising a bank loan of £4,000,000 (2022: £4,000,000) and equity shares, capital and reserves of £40,156,000 (2022: £40,572,000).

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

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

The Company is subject to externally imposed capital requirements:

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

During the year, the Company complied with the externally imposed capital requirements to which it was subject including those imposed in respect of loan covenants.

# Notes to the financial statements
continued

## 18. Transactions with the Manager and Investment Manager
BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on page 47.

The investment management fee is levied quarterly, based on 0.60% per annum of the Company's market capitalisation. The investment management fee due for the year ended 31 October 2023 amounted to £235,000 (2022: £237,000). At the year end, £175,000 was outstanding in respect of the management fee (2022: £118,000).

In addition to the above services, BIM (UK) has provided the Company with marketing services. The total fees paid or payable for these services for the year ended 31 October 2023 amounted to £14,000 including VAT (2022: £13,000). At the year end, £24,000 including VAT was outstanding in respect of marketing fees (2022: £11,000).

The Company holds an investment in the BlackRock Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund of £1,066,000 (2022: £2,604,000) which for the year ended 31 October 2023 and 31 October 2022 has been presented in the financial statements as a cash equivalent. This is a fund managed by a company within the BlackRock Group.

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

## 19. Related party disclosure
At the date of this report, the Board consists of four non-executive Directors, all of whom are considered to be independent of the Manager by the Board.

Disclosures of the Directors' interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 60 to 62. At 31 October 2023, £9,000 (2022: £8,000) was outstanding in respect of Directors' fees.

**Significant holdings**
The following investors are:

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

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

**As at 31 October 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. |
|---|---|---|
| nil | n/a | n/a |

**As at 31 October 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. |
|---|---|---|
| nil | n/a | n/a |

## 20. Contingent liabilities
There were no contingent liabilities at 31 October 2023 (2022: nil).

# Additional information

We added a new position in Spirax-Sarco Engineering, a high-quality engineering business with strong structural drivers around energy efficiency.

PHOTO COURTESY OF SPIRAX-SARCO ENGINEERING PLC

# Shareholder information

## Financial calendar

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

| | |
|---|---|
| **December/January** | Annual results announced and the Annual Report and Financial Statements published. |
| **March** | Annual General Meeting. |
| **March** | Final dividend paid. |
| **June** | Half-yearly figures to 30 April announced and Half-Yearly Financial Report published. |
| **September** | Interim dividend paid. |

## Dividend – 2023

The proposed final dividend in respect of the year ended 31 October 2023 is 4.80 pence per share. The Board also declared an interim dividend of 2.60 pence per share which was paid on 1 September 2023 to shareholders on the register on 21 July 2023.

**Dividend timetable**

| | |
|---|---|
| Ex-dividend date (shares transferred without the dividend) | 8 February 2024 |
| Record date (last date for registering transfers to receive the dividend) | 9 February 2024 |
| Last date for DRIP elections | 23 February 2024 |
| Dividend payment date | 15 March 2024 |

## Payment of dividends

Cash dividends will be sent by cheque to the first named shareholder at their registered address. Dividends may also be paid directly into a shareholder's bank account and this can be arranged by contacting the Company's registrar Computershare Investor Services PLC through their secure website www.investorcentre.co.uk, or by telephone on 0370 703 0076 or by shareholders completing the Mandate Instructions section on the reverse of their dividend counterfoil and sending it to the Company's registrar, Computershare.

Dividend confirmations will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

## Dividend tax allowance

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

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

If you have tax related queries, please contact a financial adviser.

## Dividend reinvestment plan (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC, through their secure website www.investorcentre.co.uk, or by telephone on 0370 703 0076. Shareholders who have already opted to have their dividends reinvested do not need to reapply.

## Share price

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

## ISIN/SEDOL numbers

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

| | Ordinary shares |
|---|---|
| ISIN | GB0030961691 |
| SEDOL | 3096169 |
| Reuters Code | BRIG.L |
| Bloomberg Code | BRIG: LN |

## Share dealing

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

## CREST

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

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

## Electronic communications

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

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

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

## Electronic proxy voting

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

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

## Annual general meeting

This year's AGM will be held at 12.00 noon on Thursday, 7 March 2024. If you are unable to attend the meeting you can view it online following the meeting via a link on the Company's website at www.blackrock.com/uk/brig.

# Shareholder information
continued

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

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

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

## Publication of net asset value/portfolio analysis
The net asset value (NAV) per share of the Company is calculated daily. Details of the Company's investments and performance are published monthly.

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

## Online access
Other details about the Company are also available at www. blackrock.com/uk/brig. The financial statements, factsheets and other literature are published on the website.

Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

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

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

## Shareholder enquiries

The Company's registrar is Computershare Investor Services PLC. In the event of queries regarding your holding of shares, please contact the registrar on 0370 703 0076. Certain details relating to your holding can also be checked through the Computershare Investor Centre website. As a security check, specific information will need to be input accurately to gain access to your account including your shareholder reference number. The address of the Computershare website is www.investorcentre.co.uk.

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

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

## General enquiries

Enquiries about the Company should be directed to:

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

# Analysis of ordinary shareholders

as at 31 October 2023
(unaudited)

## By type of holder

| | No. of shares | % of total 2023 | % of total 2022 | Holdings | % of total 2023 | % of total 2022 |
|---|---|---|---|---|---|---|
| Private shareholders | 3,553,407 | 17.23 | 17.52 | 682 | 85.24 | 85.92 |
| Bank or Nominees, Insurance | 16,516,569 | 80.11 | 80.15 | 96 | 12.00 | 11.63 |
| Other | 548,510 | 2.66 | 2.33 | 22 | 2.76 | 2.45 |
| **Total** | **20,618,486** | **100.00** | **100.00** | **800** | **100.00** | **100.00** |

The above excludes treasury shares of 10,081,532.

## By size of holding

| Range | No. of shares | % of total 2023 | % of total 2022 | No. of shareholders | % of total 2023 | % of total 2022 |
|---|---|---|---|---|---|---|
| 1 – 10,000 | 1,351,662 | 6.56 | 6.46 | 668 | 83.60 | 83.11 |
| 10,001 – 100,000 | 3,240,848 | 15.72 | 14.85 | 103 | 12.89 | 13.22 |
| 100,001 – 1,000,000 | 6,095,909 | 29.57 | 31.73 | 23 | 2.88 | 3.06 |
| 1,000,001 – 10,000,000 | 9,930,067 | 48.15 | 46.96 | 5 | 0.63 | 0.61 |
| **Total** | **20,618,486** | **100.00** | **100.00** | **799** | **100.00** | **100.00** |

The above excludes treasury shares of 10,081,532.

# Ten year record

| Year ended 31 October | Net revenue attributable to ordinary shareholders £'000 | Revenue Earnings per share p | Dividend per share p | Total net assets £'000 | Net asset value per ordinary share p | Share price p | Ongoing charges ratio[1] % |
|---|---|---|---|---|---|---|---|
| 2013 | 1,576 | 5.63 | 5.50 | 45,491 | 166.03 | 164.50 | 1.10 |
| 2014 | 1,524 | 5.66 | 5.70 | 45,194 | 170.68 | 167.25 | 1.21 |
| 2015 | 1,758 | 6.68 | 6.00 | 49,231 | 187.69 | 184.25 | 1.02 |
| 2016 | 1,803 | 6.93 | 6.30 | 48,307 | 190.53 | 185.00 | 1.00 |
| 2017 | 1,668 | 6.63 | 6.60 | 51,680 | 209.96 | 205.50 | 1.08 |
| 2018 | 1,724 | 7.09 | 6.90 | 46,738 | 194.26 | 183.00 | 1.10 |
| 2019 | 1,729 | 7.37 | 7.20 | 46,214 | 201.30 | 198.00 | 1.07 |
| 2020 | 1,234 | 5.43 | 7.20 | 36,401 | 161.70 | 162.50 | 1.19 |
| 2021 | 1,557 | 7.10 | 7.20 | 43,468 | 203.13 | 191.00 | 1.21 |
| 2022 | 1,438 | 6.77 | 7.30 | 40,572 | 191.63 | 171.00 | 1.18 |
| **2023** | **1,367** | **6.54** | **7.40** | **40,156** | **194.90** | **178.00** | **1.28** |

[1] Based on average net assets for the year. The ongoing charges ratio is calculated in accordance with the AIC recommended methodology for the calculation of ongoing charges.

# Management & other service providers

## Registered Office

(Registered in England, No. 4223927)
12 Throgmorton Avenue
London EC2N 2DL

## Investment Manager and Company Secretary

BlackRock Investment Management (UK) Limited[1]
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

## Alternative Investment Fund Manager

BlackRock Fund Managers Limited[1]
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

## Depositary, Custodian and Fund Accountant

The Bank of New York Mellon (International) Limited[1]
160 Queen Victoria Street
London EC4V 4LA

## Registrar

Computershare Investor Services PLC[1]
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 703 0084

## Auditor

Deloitte LLP
PO Box 137
Regency Court
Glategny Esplanade
Guernsey
Channel Islands GY1 3HW

## Lender

The Bank of New York Mellon, London Branch
160 Queen Victoria Street
London EC4V 4LA

## Stockbroker

JPMorgan Cazenove Limited[1]
25 Bank Street
Canary Wharf
London E14 5JP

## Solicitors

Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

[1] Authorised and regulated by the Financial Conduct Authority.

# AIFMD report on remuneration

(unaudited)

**Remuneration related disclosures in accordance with Article 22(2) of the AIFMD, Article 107 of the AIFMD Regulations and Section XIII of the ESMA Guidelines on sound remuneration policies under the AIFMD**

The below disclosures are made in respect of the remuneration policies of the BlackRock group ("BlackRock"), as they apply to BlackRock Fund Managers Limited (the "Manager"). The disclosures are made in accordance with the provisions in the UK implementing the Alternative Investment Fund Managers Directive (the "AIFMD"), the European Commission Delegated Regulation supplementing the AIFMD (the "Delegated Regulation") and the "Guidelines on sound remuneration policies under the AIFMD" issued by the European Securities and Markets Authority.

The BlackRock AIFM Remuneration Policy (the "AIFM Remuneration Policy") will apply to the EEA entities within the BlackRock group authorised as a manager of alternative investment funds in accordance with the AIFMD, and will ensure compliance with the requirements of Annex II of the AIFMD and to UK entities within the BlackRock group authorised as a manager of a UK alternative investment fund in accordance with the UK version of the Directive.

The Manager has adopted the AIFM Remuneration Policy, a summary of which is set out below.

## Remuneration Governance

BlackRock's remuneration governance in EMEA operates as a tiered structure which includes: (a) the Management Development and Compensation Committee ("MDCC") (which is the global, independent remuneration committee for BlackRock, Inc. and (b) the Manager's board of directors (the "Manager's Board"). These bodies are responsible for the determination of BlackRock's remuneration policies which includes reviewing the remuneration policy on a regular basis and being responsible for its implementation.

The implementation of the remuneration policy is annually subject to central and independent review for compliance with policies and procedures for remuneration adopted by the MDCC and by the Manager's Board. The remuneration disclosure is produced and owned by MDCC and the Manager's Board.

### (a) MDCC

The MDCC's purposes include:

- providing oversight of:
  - BlackRock's executive compensation programmes;
  - BlackRock's employee benefit plans; and
  - such other compensation plans as may be established by BlackRock from time to time for which the MDCC is deemed as administrator;
- reviewing and discussing the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management and approving the MDCC's report for inclusion in the proxy statement;
- reviewing, assessing and making reports and recommendations to the BlackRock, Inc. Board of Directors (the 'BlackRock, Inc. Board') as appropriate on BlackRock's talent development and succession planning, with the emphasis on performance and succession at the highest management levels; and
- supporting the boards of the Company's EMEA regulated entities in meeting their remuneration-related obligations by overseeing the design and implementation of EMEA remuneration policy in accordance with applicable regulations.

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, who has no relationship with BlackRock Inc. or the BlackRock, Inc. Board that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The BlackRock, Inc. Board has determined that all of the members of the MDCC are "independent" within the meaning of the listing standards of the New York Stock Exchange (NYSE), which requires each meet a "non-employee director" standard.

The MDCC held 7 meetings during 2022. The MDCC charter is available on BlackRock, Inc.'s website (www.blackrock.com).

# AIFMD report on remuneration

continued

**(b) The Manager's Board**
The Manager's Board has the task of supervising and providing oversight of the AIFM Remuneration Policy as it applies to the Manager and its Identified Staff.

## Decision-making process

Remuneration decisions for employees are made once annually in January following the end of the performance year. This timing allows full-year financial results to be considered along with other non-financial goals and objectives. Although the framework for remuneration decision-making is tied to financial performance, significant discretion is used to determine individual variable remuneration based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual remuneration amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award. The variable remuneration awarded to any individual(s) for a particular performance year may also be zero.

Annual incentive awards are paid from a bonus pool.

The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after year-end. As part of this review, the MDCC receives actual and projected financial information over the course of the year as well as final year-end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of BlackRock's financial performance (e.g., net inflows of AUM and investment performance) as well as information regarding market conditions and competitive compensation levels.

The MDCC regularly considers management's recommendation as to the percentage of pre-incentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

As part of the year-end review process the Enterprise Risk and Regulatory Compliance departments report to the MDCC on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

## Control functions

Each of the control functions (Enterprise Risk, Legal & Compliance, and Internal Audit) has its own organisational structure which is independent of the business units and therefore staff members in control functions are remunerated independently of the businesses they oversee. The head of each control function is either a member of the Global Executive Committee ("GEC"), the global management committee, or has a reporting obligation to the board of directors of BlackRock Group Limited, the parent company of all of BlackRock's EMEA regulated entities, including the Manager.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the MDCC.

## Link between pay and performance

There is a clear and well defined pay-for-performance philosophy and compensation programmes which are designed to meet the following key objectives as detailed below:

- appropriately balance BlackRock's financial results between shareholders and employees;
- attract, retain and motivate employees capable of making significant contributions to the long-term success of the business;
- align the interests of senior employees with those of shareholders by awarding BlackRock Inc.'s stock as a significant part of both annual and long-term incentive awards;
- control fixed costs by ensuring that compensation expense varies with profitability;
- link a significant portion of an employee's total compensation to the financial and operational performance of the business;
- promote sound and effective risk management across all risk categories, including sustainability risk;
- discourage excessive risk-taking (sustainability related or otherwise); and
- ensure that client interests are not negatively impacted by remuneration awarded on a short-term, mid-term and/or long-term basis.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but don't pre-determine compensation outcomes. Compensation decisions remain discretionary and are made as part of the year-end compensation process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- factors relevant to an employee individually; relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);
- the management of risk within the risk profiles appropriate for BlackRock's clients;
- strategic business needs, including intentions regarding retention;
- market intelligence;
- criticality to business; and
- supporting the firm's approaches to environmental, social and governance factors and diversity, equity and inclusion.

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Remuneration practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

# AIFMD report on remuneration

continued

BlackRock operates a total compensation model for remuneration which includes a base salary, which is contractual, and a discretionary bonus scheme.

BlackRock operates an annual discretionary bonus scheme. Although all employees are eligible to be considered for a discretionary bonus, there is no contractual obligation to make any award to an employee under its discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above (under the heading "Link between pay and performance") may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion paid in BlackRock, Inc. stock and subject to additional vesting/clawback conditions. Stock awards are subject to further performance adjustment through variation in BlackRock, Inc.'s share price over the vesting period. As total annual compensation increases, a greater portion is deferred into stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the compensation package for eligible employees, including the executive officers. The portion deferred into stock vests into three equal instalments over the three years following grant.

Supplementary to the annual discretionary bonus as described above, equity awards may be made to select individuals to provide greater linkage with future business results. These long-term incentive awards have been established individually to provide meaningful incentive for continued performance over a multi-year period recognising the scope of the individual's role, business expertise and leadership skills.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the "BlackRock Performance Incentive Plan" ("BPIP"). Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin[1] and Organic Revenue Growth[2]. Determination of pay-out will be made based on the firm's achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where the firm's financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure across market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have "skin in the game" through significant personal investments.

## Identified Staff

The AIFM Remuneration Policy sets out the process that will be applied to identify staff as Identified Staff, being categories of staff of the Manager, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages.

The list of Identified Staff will be subject to regular review, being formally reviewed in the event of, but not limited to:

- organisational changes;
- new business initiatives;
- changes in significant influence function lists;
- changes in role responsibilities; and
- revised regulatory direction.

[1] As Adjusted Operating Margin: As reported in BlackRock's external filings, reflects adjusted Operating Income divided by Total Revenue net of distribution and servicing expenses and amortisation of deferred sales commissions.
[2] Organic Revenue Growth: Equal to net new base fees plus net new Aladdin revenue generated in the year (in dollars).

## Quantitative Remuneration Disclosure

The Manager is required under the AIFMD to make quantitative disclosures of remuneration. These disclosures are made in line with BlackRock's interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops BlackRock may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other BlackRock fund disclosures in that same year.

Disclosures are provided in relation to (a) the staff of the Manager; (b) staff who are senior management; and (c) staff who have the ability to materially affect the risk profile of the Company, including individuals who, although not directly employed by the Manager, are assigned by their employer to carry out services directly for the Manager.

All individuals included in the aggregated figures disclosed are rewarded in line with BlackRock's remuneration policy for their responsibilities across the relevant BlackRock business area. As all individuals have a number of areas of responsibilities, only the portion of remuneration for those individuals' services attributable to the Manager is included in the aggregate figures disclosed.

Members of staff and senior management of the Manager typically provide both AIFMD and non-AIFMD related services in respect of multiple funds, clients and functions of the Manager and across the broader BlackRock group. Conversely, members of staff and senior management of the broader BlackRock group may provide both AIFMD and non-AIFMD related services in respect of multiple funds, clients and functions of the broader BlackRock group and of the Manager. Therefore, the figures disclosed are a sum of individuals' portion of remuneration attributable to the Manager according to an objective apportionment methodology which acknowledges the multiple-service nature of the Manager and the broader BlackRock group. Accordingly, the figures are not representative of any individual's actual remuneration or their remuneration structure.

The amount of the total remuneration awarded to the Manager's staff in respect of the Manager's financial year ending 31 December 2022 is US Dollar 194.5 million. This figure is comprised of fixed remuneration of US Dollar 109.3 million and variable remuneration of US Dollar 85.2 million. There were a total of 3,790 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the Manager in respect of the Manager's financial year ending 31 December 2022, to its senior management was US Dollar 21.6 million, and to other members of its staff whose actions potentially have a material impact on the risk profile of the Manager or its funds was US Dollar 8.8 million. These figures relate to the entire Manager and not to the Company.

# Other AIFMD disclosures

(unaudited)

## Leverage

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

For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means.

The AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its NAV, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure.

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

| | Commitment Leverage as at 31 October 2023 | Gross Leverage as at 31 October 2023 |
|---|---|---|
| Leverage ratio | 1.10% | 1.07% |

## Other risk disclosures

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 16 to the notes to the financial statements on pages 97 to 103.

## Pre investment disclosures

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

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

For and on behalf of the Board

**KEVIN MAYGER**
BlackRock Investment Management (UK) Limited
Company Secretary
20 December 2023

# Information to be disclosed in accordance with Listing Rule 9.8.4

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

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

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

9.8.4 (3) This provision has been deleted.

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

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

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

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

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

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

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

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

For and on behalf of the Board

**KEVIN MAYGER**
BlackRock Investment Management (UK) Limited
Company Secretary
20 December 2023

# Letter from the outgoing auditor

Deloitte.

Deloitte LLP
1 New Street Square
London EC4A 3HQ

Phone: +44 (0)20 7936 3000
Fax: +44 (0)20 7583 0112
www.deloitte.co.uk

20th December 2023

BlackRock Income and Growth Investment Trust Plc
12 Throgmorton Avenue,
London,
EC2N 2DL

Dear Directors

**Ceasing to act as auditors of BlackRock Income and Growth Investment Trust Plc (registered number: 04223927)**

This letter is formal notice that we will not be seeking reappointment as auditors of BlackRock Income and Growth Investment Trust Plc with effect from the conclusion of the forthcoming accounts meeting. The directors proposed, and the members voted, to appoint another firm of auditors at the accounts meeting on 20th December 2023, and we ceased to hold office as auditors at the conclusion of that meeting.

Our statement of reasons, together with circumstances which we believe should be brought to the attention of members and creditors, is attached.

Yours faithfully

**Deloitte LLP**

Deloitte.

Deloitte LLP
1 New Street Square
London EC4A 3HQ

Phone: +44 (0)20 7936 3000
Fax: +44 (0)20 7583 0112
www.deloitte.co.uk

## Statement of reasons relating to Deloitte LLP ceasing to act as auditors of BlackRock Income and Growth Investment Trust Plc

We are not seeking reappointment as auditors of the company and, accordingly, will cease. The directors proposed a resolution at the accounts meeting to appoint another firm and, accordingly, ceased to hold office at the conclusion of the accounts meeting held on 20th December 2023. The reason for our ceasing to hold office is because we have reached our maximum tenure under s494ZA Companies Act 2006 and therefore could not participate in a tender.

Unless you apply to the Court, this statement must be sent by you within 14 days to every person entitled under Section 423 of the Companies Act 2006 to be sent copies of the company's accounts. This is a requirement of Section 520(2) of that Act. Unless you inform us that you have applied to the court, we are required to file a copy of this statement at Companies House.

Deloitte LLP – Audit registration C009201919

20th December 2023

*Under s523 Companies Act 2006 you are obliged to inform the FRC, as the appropriate audit authority, of the reasons for our ceasing to hold office. You can do this by email to registration@frc.org.uk or in writing to Change of Auditor Notifications, Financial Reporting Council, 8th Floor, 125 London Wall, London, EC2Y 5AS. You should either (a) attach a copy of our statement of reasons, saying that you agree with the contents of the statement, or (b) set out what you believe the reasons are for our ceasing to hold office, including your company's registered name and number, our name and address (Deloitte LLP, 1 New Street SquareEC4A 3HQ) and our audit registration number which is C009201919.*

# 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 Annual Financial Report.

## Benchmark Index

The Company's Benchmark Index, used for performance comparative purposes is the FTSE All-Share Index calculated in Pound Sterling terms with dividends reinvested.

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.

As at 31 October 2023, the Company's NAV total return was +5.2% (2022: -2.3%) and the total return of the Benchmark Index was +5.9% (2022: -2.8%), therefore the Company's underperformance of the Benchmark Index was 0.7% (2022: outperformance of 0.5%).

## Closed-end company

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

## Discount and premium*

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

As at 31 October 2023 the share price was 178.00p (2022: 171.00p) and the NAV was 194.90p (2022: 191.63p); therefore, the discount was 8.7% (2022: 10.8%) (please see note 9 of the financial statements for the audited 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 180p and the NAV 178p, the premium would be 1.1%.

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

## Gearing and borrowings*

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

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

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

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

* Alternative Performance Measure.

| Net gearing calculation | Page | 31 October 2023 £'000 | 31 October 2022 £'000 | |
|---|---|---|---|---|
| Net assets | 85 | 40,156 | 40,572 | (a) |
| Borrowings | 85 | 4,000 | 4,000 | (b) |
| **Total assets (a + b)** | | **44,156** | **44,572** | **(c)** |
| Current assets[1] | 85 | 1,270 | 3,262 | (d) |
| Current liabilities (excluding borrowings) | 85 | (381) | (247) | (e) |
| Cash and cash equivalents (d + e) | | 889 | 3,015 | (f) |
| **Net gearing figure (g = (c – f – a)/a) (%)** | | **7.7** | **2.4** | **(g)** |

[1] Includes cash at bank and the Company's investment in BlackRock's Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund.

## Leverage

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

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

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

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

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

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

| NAV total return | Page | 31 October 2023 | 31 October 2022 | |
|---|---|---|---|---|
| Closing NAV per share (pence) | 94 | 194.90 | 191.63 | |
| Add back interim and final dividends (pence) | 93 | 7.30 | 7.20 | |
| Effect of dividend reinvestment (pence) | | (0.54) | (0.31) | |
| Adjusted closing NAV (pence) | | 201.66 | 198.52 | (a) |
| Opening NAV per share (pence) | 94 | 191.63 | 203.13 | (b) |
| **NAV total return (c = ((a – b)/b)) (%)** | | **5.2** | **(2.3)** | **(c)** |

* Alternative Performance Measure.

| Share price total return | Page | 31 October 2023 | 31 October 2022 | |
|---|---|---|---|---|
| Closing share price (pence) | 94 | 178.00 | 171.00 | |
| Add back interim and final dividends (pence) | 93 | 7.30 | 7.20 | |
| Effect of dividend reinvestment (pence) | | (0.37) | (0.61) | |
| Adjusted closing share price (pence) | | 184.93 | 177.59 | (a) |
| Opening share price (pence) | 94 | 171.00 | 191.00 | (b) |
| **Share price total return (c = ((a – b)/b)) (%)** | | **8.1** | **(7.0)** | **(c)** |

## 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 October 2023, equity shareholders' funds less the current year net revenue return (after interim dividends) amounted to £39,333,000 (2022: £39,684,000) and there were 20,603,486 (2022: 21,171,914) ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 190.90 pence (2022: 187.44 pence).

Equity shareholders' funds (excluding current period revenue) of £39,333,000 (2022: £39,684,000) are calculated by deducting from the Company's net assets £40,156,000 (2022: £40,572,000) its current period revenue £1,367,000 (2022: £1,438,000) and adding back the interim dividends paid from current year revenue £544,000 (2022: £550,000).

## 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 October 2023, equity shareholders' funds were worth £40,156,000 (2022: £40,572,000) and there were 20,603,486 (2022: 21,171,914) ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 194.90 pence (2022: 191.63 pence) per ordinary share (please see note 9 of the financial statements for the audited inputs to the calculations).

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

## 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 finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items) expressed as a percentage of the average daily net assets of the Company during the year.

* Alternative Performance Measure.

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

| Ongoing charges calculation | Page | 31 October 2023 £'000 | 31 October 2022 £'000 | |
|---|---|---|---|---|
| Management fee | 90 | 235 | 237 | |
| Other operating expenses[1] | 91 | 321 | 267 | |
| Total management fee and other operating expenses | | 556 | 504 | (a) |
| Average daily net assets in the year | | 43,284 | 42,808 | (b) |
| **Ongoing charges (c = a/b) (%)** | | **1.28** | **1.18** | **(c)** |

[1] Excluding the write back of prior year expenses totalling £3,000 in the year ended 31 October 2023 (31 October 2022: £2,000).

## Quoted securities and unquoted securities

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

## Revenue profit and revenue reserves

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

## 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, as a percentage of share price. Normally, it does not include the price variations, distinguishing it from performance (with dividends reinvested).

| | 31 October 2023 | 31 October 2022 | |
|---|---|---|---|
| Interim and final dividends paid/payable (pence)[1] | 7.40 | 7.30 | (a) |
| Ordinary share price (pence) | 178.00 | 171.00 | (b) |
| **Yield c = (a/b) (%)** | **4.2** | **4.3** | **(c)** |

[1] Comprising dividends declared/paid for the twelve months to 31 October.

* Alternative Performance Measure.

# Annual general meeting

Games Workshop was another midcap name added to the portfolio in November 2022. We believe the company is an advantaged franchise with a robust balance sheet capable of growing cash generation.

PHOTO COURTESY OF GAMES WORKSHOP GROUP PLC

# Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of BlackRock Income and Growth Investment Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 7 March 2024 at 12.00 noon for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed in the case of resolutions 1 to 9, as ordinary resolutions and, in the case of resolutions 10 to 12, as special resolutions).

## Ordinary business

1. To receive the report of the Directors of the Company and the financial statements for the year ended 31 October 2023, together with the report of the Auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 October 2023.

3. To approve a final dividend for the year ended 31 October 2023 of 4.80 pence per ordinary share in the capital of the Company.

4. To re-elect Mr Graeme Proudfoot as a Director.

5. To re-elect Mr Nicholas Gold as a Director.

6. To re-elect Mr Charles Worsley as a Director.

7. To appoint Ernst & Young LLP as Auditor to the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

8. To authorise the Audit Committee to determine the Auditor's remuneration.

## Special business

### Ordinary resolutions

9. That, in substitution for all existing authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot relevant securities in the Company (as defined in that section) up to an aggregate nominal amount of £67,787.06, (being 33% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) provided this authority shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2025, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

### Special resolutions

10. That, in substitution for all existing authorities and subject to the passing of resolution 9, the Directors of the Company be and are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the Act) to allot equity securities (as defined in Section 560 of the Act) and to sell equity securities held by the Company as treasury shares (as defined in Section 724 of the Act) for cash pursuant to the authority granted by the resolution numbered 9, as if Section 561(1) of the Act did not apply to any such allotments and sales of equity securities, provided that this power:

    (a) shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2025, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and not withstanding such expiry the Directors may allot and sell equity securities in pursuance of such offers or agreements;

    (b) shall be limited to the allotment of equity securities and/or the sale of equity securities held in treasury for cash up to an aggregate nominal amount of £67,787.06 (representing 33% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice); and

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

11. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 1p each in the Company (Ordinary Shares), the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the Act) to make market purchases of Ordinary Shares (within the meaning of Section 693 of the Act), provided that:

    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 3,079,176 or, if less, the number of Ordinary Shares which is equal to 14.99% of the Company's issued Ordinary Share capital (excluding treasury shares) as at the date of this notice, or, if different, the number of shares in issue upon the passing of this resolution;

    (b) the minimum price (exclusive of expenses) which may be paid for any such Ordinary Share shall be 1p being the nominal value per share;

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

    (d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2025 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract not withstanding such expiry.

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

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

    (ii) cancelled immediately upon completion of the purchase.

12. That, the period of notice required for general meetings of the Company (other than Annual General Meetings) shall be not less than 14 clear days' notice.

By order of the Board

For and on behalf of the Board

**KEVIN MAYGER**
BlackRock Investment Management (UK) Limited
Company Secretary
20 December 2023

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

# Notice of annual general meeting
continued

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
2. To appoint a proxy you may use the form of proxy enclosed with this document. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions printed thereon as soon as possible and in any event by not later than 12.00 noon on Tuesday, 5 March 2024. Amended instructions must also be received by the Company's registrar by the deadline for receipt of forms of proxy. Alternatively, you can vote or appoint a proxy electronically by visiting www.eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy. The latest time for the submission of proxy votes electronically is 12.00 noon on Tuesday, 5 March 2024.
3. Proxymity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.00 noon on Tuesday, 5 March 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
4. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
5. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
6. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
9. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar by not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
10. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the start of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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

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

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

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

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

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

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

15. Under Sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:

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

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

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

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

    (b) it is defamatory of any person; or

    (c) it is frivolous or vexatious.

    Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 24 January 2023, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

16. As at the date of this report, the Company's issued share capital comprised 20,541,536 ordinary shares of 1p each, excluding shares held in treasury. Each ordinary share carries the right to one vote and therefore the total voting rights in the Company as at the date of this report are 20,541,536.

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

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

# Share fraud warning

## Be ScamSmart

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

#### Spot the warning signs

**Have you been:**

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

**If so, you might have been contacted by fraudsters.**

### Avoid investment fraud

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

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

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

### Report a scam

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

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

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

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

SGN001

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