BLACKROCK COMMODITIES INCOME INVESTMENT TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
30 NOVEMBER 2015

Registered in England, No 5612963

BlackRock Commodities Income Investment Trust plc

The Company's objectives are to achieve an annual dividend target and, over the long term, capital growth by investing primarily in securities of companies operating in the mining and energy sectors.

A MEMBER OF THE ASSOCIATION OF INVESTMENT COMPANIES

Details about the Company are available on the BlackRock website blackrock co uk/brci

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FINANCIAL HIGHLIGHTS

	As at 30 November 2015	As at 30 November 2014	Change %
Assets			
Net assets (£ 000)*	69,430	96,696	-28 2
Net asset value per ordinary share	60 08p	91 95p	-34 7
– with income reinvested			-29 4
Ordinary share price (mid-market)	59 75p	99 00p	-39 6
– with income reinvested			-34 8

	Year ended 30 November 2015	Year ended 30 November 2014	Change %
Revenue			
Net revenue after taxation (£ 000)	6,940	6,225	11 5
Revenue return per ordinary share	6 32p	6 20p	1 9
Interim dividends			
1st interim	1 5000p	1 4875p	+0 8
2nd interim	1 5000p	1 4875p	+0 8
3rd interim	1 5000p	1 4875p	+0 8
4th interim	1 5000p	1 5375p	-2 4
Total dividends paid and payable	6 0000p	6 0000p	–

* The change in net assets reflects market movements and the issue of 10 410 000 ordinary shares in the year

Chairman's statement

OVERVIEW

This was a challenging year for commodities as weak Chinese demand, production oversupply and US Dollar strength impacted prices across the board Producers of oil, gas and base metals – notably iron ore – saw their share prices hit new lows as the wheels came off the commodity supercyle A number of companies have announced dividend cuts or, in extremis, the suspension of dividends alongside ambitious plans to reduce debt by selling assets and reducing their workforce Against such a backdrop, I am pleased to report that the Company has maintained its dividend for 2015, as I know how important income is for many of our shareholders

During the year, the Company's net asset value per share (NAV) has been disappointing, returning -29 4% The share price returned -34 8% Over the same period, the Euromoney Global Mining Index and MSCI World Energy Index returned -38 9% and -12 1% respectively Since the launch of the Company in December 2005 the NAV has returned +0 5% and the share price -2 1% (all percentages calculated in sterling terms with income reinvested)

Since the year end and up to the close of business on 1 February 2016, the Company's NAV has returned -15 1% and the share price has returned -12 1%

REVENUE RETURN AND DIVIDENDS

The Company's revenue return per share for the year amounted to 6 32p (2014 6 20p) It remains the Company's intention to pay four quarterly dividends Details of the dividends paid for the 2014 and 2015 financial years are set out in note 8 to the Financial Statements

Our objective this year was to pay dividends which in total amounted to at least 6 00p (2014 6 00p) and I am pleased to report that in this difficult period for commodity markets we achieved this target

The Board announced on 17 December 2015 that it has set a target of an unchanged total dividend of 6 00p per share for the current financial year in light of current conditions in the commodity markets, volatility levels in the derivative markets and dividend prospects for the Company's underlying investments This target will be reviewed should there be any material change in these factors Option writing can limit the potential for capital appreciation and the volatile conditions which have supported this strategy may not continue in the long term The Board may therefore decide to limit their use, but remains committed to maintaining and growing the Company's dividend over time The Board would consider using revenue reserves, or making distributions out of capital profits or the special reserve, to bolster the dividend in the current financial year if income from the portfolio is insufficient

The target should not be interpreted as a profit forecast The target represents a yield of 10 0% based on the share price as at the close of business on 30 November 2015

TENDER OFFERS

The Directors of the Company have discretion to make semi-annual tender offers at the prevailing NAV, less 2%, for up to 20% of the issued share capital in August and February of each year

The Board announced on 12 June 2015 that it had decided not to proceed with a tender offer in August 2015 and on 17 December 2015 that the tender offer in February 2016 would not be implemented During the year ended 30 November 2015, the Company's shares traded at an average premium to NAV of 1 9% compared to a discount of 2 0% to NAV, the price at which any tender offer would be made

Resolutions for the renewal of the Company's semi-annual tender authorities will be put to shareholders at the forthcoming Annual General Meeting (AGM)

SHARE CAPITAL

The Company is committed to the regular issue of ordinary shares at a premium to NAV as a way of ensuring that any premium to NAV is maintained within a sensible range, to provide ongoing market liquidity and to do so in a manner that is accretive to shareholders In June 2015, in response to investor demand, and to enable the Company to continue to issue further ordinary shares, the Company published a prospectus in respect of a Placing Programme of up to 50 million ordinary shares

During the financial year ended 30 November 2015, the Company issued 10,410,000 ordinary shares at an average price of 79 70p per share for a total consideration of £8,086,000, before the deduction of issue costs The ordinary shares were issued at an average premium of 2 84% to the cum income NAV at the close of business on the business day prior to each issue and at a premium to the estimated cum income NAV at the time of each transaction It should be noted that the issue of new ordinary shares during the year has provided a gross capital uplift of £215,000, including income of £81,000

Since 30 November 2015, and up to the close of business on 1 February 2016, a further 250,000 ordinary shares have been issued for consideration of £135,000, before the deduction of issue costs The ordinary shares were issued at an average premium of 2 0% to the cum income NAV at the close of business on the previous business day and at a premium to the estimated cum income NAV at the time of the transaction

At the forthcoming AGM the Company will be seeking the authority to allot new ordinary shares or sell from treasury ordinary shares representing up to 10% of the Company's issued ordinary share capital

GEARING

The Company operates a flexible gearing policy which depends on prevailing market conditions The maximum gearing used during the year was 4 7% and at 30 November 2015 net cash was 0 6% Gearing has been calculated in accordance with AIC guidelines and on a net basis

MANAGEMENT FEE

In December 2015 the Board announced that the Company and the Manager had agreed a reduction to the fees payable to the Manager under the Investment Management Agreement Effective 1 December 2015, the existing management fee of 1 10% of gross assets per annum was replaced with a management fee of 0 95% of the Company's gross assets per annum reducing to 0 90% per annum for gross assets in excess of £250 million

ANNUAL GENERAL MEETING

The Company's AGM will be held on Monday, 14 March 2016 at 10 30 a m at the offices of BlackRock, 12 Throgmorton Avenue, London EC2N 2DL Details of the business of the meeting are set out in the Notice of Meeting on pages 70 to 73 of this Annual Report The portfolio managers will make a presentation to shareholders on the Company's progress and the outlook for the year

OUTLOOK

Over the past 12 months the sector has significantly reduced capital expenditure, cut costs, reduced its work force and is now beginning to lower production Despite this, commodity prices continue to be driven down by China fears, oversupply and US Dollar strength 2016 is shaping up to be another tough year for the natural resources sector Whether we have experienced the worst remains to be seen but one has to believe that the industry is now better positioned for any recovery In this context dividends, however, remain under pressure as revenues fall and the cost of debt servicing rises

ED WARNER

Chairman
2 February 2016

Performance

Strategic report

The Directors present the Strategic Report of the Company for the year ended 30 November 2015 The aim of the Strategic Report is to provide shareholders with the information required to enable them to assess how the Directors have performed in their duty to promote the success of the Company during the year under review

BUSINESS AND MANAGEMENT OF THE COMPANY

BlackRock Commodities Income Investment Trust plc (the Company) is an investment trust company that has a premium listing on the London Stock Exchange Its principal activity is portfolio investment The Company's wholly owned subsidiary is BlackRock Commodities Securities Income Company Limited Its principal activities are option writing and investment dealing

Investment trusts, like unit trusts and 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

In accordance with the Alternative Investment Fund Managers Directive (AIFMD) the Company is an Alternative Investment Fund (AIF) 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

Other service providers include the Depositary, BNY Mellon Trust & Depositary (UK) Limited, the fund accountant, Bank of New York Mellon (International) Limited, and the Registrar, Computershare Investor Services PLC (Computershare) Details of the contractual terms with these service providers are set out in the Directors' Report

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 for the Board include setting the Company's strategy, including its investment objective and policy, setting limits on gearing, capital structure, governance, and appointing and monitoring of the performance of service providers, including the Manager

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

INVESTMENT OBJECTIVE

The Company's objectives are to achieve an annual dividend target and, over the long term, capital growth by investing primarily in securities of companies operating in the mining and energy sectors

INVESTMENT POLICY AND STRATEGY

The Company seeks to achieve its objectives through a focused portfolio, consisting of approximately thirty to one hundred and fifty securities

There are no restrictions on investment in terms of geography or sub-sector and, in addition to equities, other types of securities, such as convertible bonds and debt issued primarily by mining or energy companies, may be acquired Although most securities will be quoted, listed or traded on an investment exchange, up to 10% of the gross assets of the Company and its subsidiary (the Group), at the time of investment, may be invested in unquoted securities

Investment in securities may be either direct or through other funds, including other funds managed by BlackRock or its associates, with up to 15% of the portfolio being invested in other listed investment companies, including listed investment trusts

Up to 10% of the gross assets of the Group, at the time of investment, may be invested in physical assets, such as gold and in securities of companies that operate in the commodities sector other than the mining and energy sectors

No more than 15% of the gross assets of the Group will be invested in any one company as at the date any such investment is made and the portfolio will not own more than 15% of the issued shares of any one company, other than the Company's subsidiary

The Group may deal in derivatives, including options and futures, up to a maximum of 30% of the Group's assets for the purposes of efficient portfolio management and to enhance portfolio returns In addition, the Company is also permitted to enter into stock lending arrangements up to a maximum of 33⅓% of the total asset value of the portfolio

The Group may from time to time, use borrowings to gear its investment policy or in order to fund the market purchase of its own ordinary shares This gearing typically is in the form of an overdraft or short term facility, which can be repaid at any time Under the Company's Articles of Association, the Board is obliged to restrict the borrowings of the Company to an aggregate amount equal to 40% of the value of the gross assets of the Group However, borrowings are not anticipated to exceed 20% of the Company's gross assets at the time of drawdown of the relevant borrowings

The Group's financial statements are maintained in sterling Although many investments are denominated and quoted in currencies other than sterling, the Company does not intend to employ a hedging policy against fluctuations in exchange rates, but may do so in the future if circumstances warrant implementing such a policy

No material change will be made to the investment policy without shareholder approval

PERFORMANCE

Details of the Company's performance for the year are given in the Chairman's Statement on page 4 The Investment Manager's Report on pages 11 to 14 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 32p per share (2014 6 20p)

Details of dividends paid and declared in respect of the year, together with the Company's dividend policy, are set out on page 4 of the Chairman's statement

KEY PERFORMANCE INDICATORS

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

The principal KPIs are described below

Performance

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

Information on the Company's performance is given in the performance record on page 3 and the Chairman's Statement and Investment Managers' Report on pages 4 and 5 and 11 to 14 respectively

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

In the year to 30 November 2015, the Company's share price to NAV traded in the range of a premium of 8 6% to a discount of 5 3% on a cum income basis The Company issued a total of 10,410,000 shares during the year and further details are given in the Chairman's Statement on pages 4 and 5 No shares were bought back during the year

Ongoing charges

The ongoing charges represent the Company's management fee and all other recurring operating and investment management expenses, excluding finance costs, expressed as a percentage of average net assets

The Board reviews the ongoing charges and monitors the expenses incurred by the Company at each meeting

Dividend target

The level of income is considered at each meeting and the Board receives detailed income forecasts

	Year ended 30 November 2015	Year ended 30 November 2014
Net asset value movement[1]	-29 4%	-8 1%
Share price movement[2]	-34 8%	-4 5%
(Discount)/premium to net asset value (at year end)	(0 5%)	77%
Revenue return per share	6 32p	6 20p
Ongoing charges[3]	1 4%	1 5%

1 Calculated in accordance with AIC guidelines
2 Calculated on a mid to mid basis with income reinvested
3 Ongoing charges represent the management fee and all other recurring operating and investment management expenses excluding finance costs expressed as a percentage of average net assets

The Board also monitors performance relative to a peer group of commodities and natural resources focused open and closed-end funds and also regularly reviews 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 impacted performance Further details are provided in the Investment Manager's Report on page 13

PRINCIPAL RISKS

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

The risk register, its method of preparation and the operation of key controls in the Manager's and third party service providers systems of internal control are reviewed on a regular basis by the Audit and Management Engagement Committee in order to gain a more comprehensive understanding of the Manager's and other third party service providers' risk management processes and how these apply to the Company's business The Audit and Management Engagement Committee periodically receives presentations from BlackRock's Internal Audit and Risk & Quantitative Analysis teams The Audit and Management Engagement Committee also reviews

Performance

Strategic report continued

Service Organisation Control (SOC 1) reports from the Company's service providers where produced

The Company's principal risks may be categorised under the following headings

- performance,
- income/dividend,
- gearing,
- regulatory
- operational,
- market, and
- financial

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

Principal Risk	Mitigation/Control
Performance The returns achieved are reliant primarily upon the performance of the portfolio The Board is responsible for ▸ deciding the investment strategy to fulfil the Company's objective and ▸ for monitoring the performance of the Investment Manager and the implementation of the investment strategy An inappropriate investment strategy may lead to ▸ poor relative performance ▸ a loss of capital, and ▸ dissatisfied shareholders	To manage this risk the Board ▸ regularly reviews the Companys investment mandate and long term strategy, ▸ has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on ▸ receives from the Investment Manager a regular explanation of stock selection decisions, portfolio exposure, gearing and any changes in gearing and the rationale for the composition of the investment portfolio ▸ monitors 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
Income/dividend The ability to pay dividends, and future dividend growth is dependent on a number of factors including the level of dividends earned from the portfolio and income generated from the option writing strategy Income returns from the portfolio are dependent, among other things, upon the Company successfully pursuing its investment policy Any change in the tax treatment of dividends or interest received by the Company including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests may reduce the level of dividends received by shareholders	The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting
Gearing The Company's investment strategy may involve the use of gearing, including borrowings Gearing may be generated through borrowing money or increasing levels of market exposure through the use of derivatives The Company currently has an uncommitted overdraft facility with Bank of New York Mellon (International) Limited The use of gearing exposes the Company to the risk associated with borrowing Gearing provides an opportunity for greater returns where the return on the Companys underlying assets exceeds the cost of borrowing It is likely to have the opposite effect where the return on the underlying assets is below the cost of borrowings Consequently the use of borrowings by the Company may increase the volatility of the NAV	The Companys Articles of Association limit borrowings to an aggregate amount equal to 40% of the value of the gross assets of the Group However, to further manage this risk the Board do not anticipate borrowings will exceed 20% of the Companys gross assets at the time of drawdown The use of derivatives including options and futures has been limited to a maximum of 30% of the Groups assets The Investment Manager will only use gearing when confident that market conditions and opportunities exist to enhance investment returns

Principal Risk	Mitigation/Control
Regulatory	
The Company has been accepted by HM Revenue & Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions and operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010 As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio In such event the investment returns of the Company may be adversely affected 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 The Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers Directive and the UK Listing Rules and Disclosure Rules	The Investment Manager monitors investment movements 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 Compliance with the accounting rules affecting investment trusts is also carefully and regularly monitored 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
Operational	
The Company relies on the services provided by third parties Accordingly, it is dependent on the control systems of the Manager, BNY Mellon Trust & Depositary (UK) Limited (the Depositary) and the Bank of New York Mellon (International) Limited (the fund accountant), who maintain the Company's assets, settlement and accounting records 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 could prevent the accurate reporting and monitoring of the Company's financial position The security of the Company's assets dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of the third party service providers	Due diligence is undertaken before contracts are entered into with third party service providers Thereafter the performance of the provider is subject to regular review and reported to the Board Most third party service providers produce Service Organisation Control (SOC 1) reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants These reports are provided to the Audit and Management Engagement Committee The Company's financial 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 The Board also considers the business continuity arrangements of the Company's key service providers
Market	
Market risk arises from volatility in the prices of the Company s investments The price of shares of companies in the mining and energy sectors can be volatile and this may be reflected in the NAV and market price of the Company s shares The Company invests in the mining and energy sectors in many countries globally and will also be subject to country-specific risk A lack of growth in world or country-specific industrial production may adversely affect metal and energy prices There is the potential for the Company to suffer loss through holding investments in the face of negative market movements	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
Financial	
The Company s investment activities expose it to a variety of financial risks that include interest rate and currency risk The Company invests in both sterling and non-sterling denominated securities Consequently the value of investments in the portfolio made in non-sterling currencies will be affected by currency movements	Details of these risks are disclosed in note 17 to the financial statements, together with a summary of the policies for managing these risks

Performance

Strategic report continued

As required by the UK Corporate Governance Code (2014 Code), the Board has undertaken a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity Those principal risks have been described in the table on pages 8 and 9 together with an explanation of how they are managed and mitigated The Board will continue to assess these risks on an ongoing basis

VIABILITY STATEMENT

In accordance with provision C 2 2 of the 2014 UK Corporate Governance Code, the Directors have assessed the prospects of the Company for a period of three years The Board considers three years to be an appropriate time horizon, being the period generally used to assess potential investments

In its assessment of the viability of the Company the Directors have noted that

- the Company predominantly invests in highly liquid, large listed companies so its assets are readily realisable
- the Company has limited gearing and no concerns around facilities, headroom or covenants, and
- the business model should remain attractive for longer than three years, unless there is significant economic or regulatory change

The Directors have also reviewed

- the Company's principal risks and uncertainties, as previously set out,
- the potential impact of the continuation of the fall in commodity equity markets on the value of the Company's investment portfolio and underlying dividend income,
- the ongoing relevance of the Company's investment objective, business model and investment policy in the current environment, and
- the level of demand for the Company's shares

The Board has also considered a number of financial metrics in its assessment, including

- the level of ongoing charges, both current and historic,
- the level at which the shares trade relative to NAV,
- the level of income generated,
- future income forecasts, and
- the liquidity of the portfolio (as at 30 November 2015, 99% of the portfolio was capable of being liquidated in less than 20 days)

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

- a liquid portfolio, and
- expenses which comprise a small percentage of net assets

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

FUTURE PROSPECTS

The Board's main focus is the achievement of an annual dividend target and, over the long term, capital growth The future of the Company is dependent upon the success of the investment strategy The outlook for the Company is discussed in both the Chairman's Statement on page 5 and in the Investment Manager's Report on page 14

EMPLOYEES, SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

The Company has no employees and all of its Directors are non-executive, therefore, there are no disclosures to be made in respect of employees

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 policy on socially responsible investment are set out on page 32

GLOBAL GREENHOUSE GAS EMISSIONS FOR THE PERIOD 1 DECEMBER 2014 TO 30 NOVEMBER 2015

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

DIRECTORS, GENDER REPRESENTATION AND EMPLOYEES

The Directors of the Company on 30 November 2015, are set out in the Governance Structure and Directors' biographies on page 19

The Board consists of three male Directors and one female Director

The Company does not have any employees

BY ORDER OF THE BOARD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Kerry Higgins
Company Secretary
2 February 2016

Performance

Investment manager's report

It was an extremely challenging year for the Natural Resources sector Energy and mining share prices came under significant pressure with many companies trading below the levels seen during the Global Financial Crisis The sector was battered by multiple headwinds, including weaker global economic growth, concerns over the strength of the Chinese economy, resilient supply (despite lower prices) and a strong US Dollar Commodities were savaged, the Brent oil price fell by 38% and key industrial commodities copper and iron ore plunged by 29% and 40% respectively This resulted in the lowest level for Bloomberg's Commodity Index since the late 1990s

Despite better than expected demand, the oil market remained in modest oversupply during the year Increased production from OPEC, combined with an agreement reached with Iran to lift sanctions enabling the country to re-enter the market in January 2016, has seen global oil supply remain strong despite lower prices However, as we reached the end of 2015 some positive signs started to emerge, with US oil production beginning to decline, a direct impact of the 65% reduction in the rig count since the 2014 peak In addition, industry capex fell by approximately 20% during the year and is set to reduce further in 2016 It now appears that we are past the point of maximum oversupply in the oil market In our view, the current oil price relative to the industry's cost of production is unsustainable and too low to incentivise the investment that will be required over the medium term

Lower demand, particularly from China, was the key driver of industrial commodity price weakness during the year Base metals and bulk commodities saw significantly weaker demand than anticipated and, as the market downgraded expectations, most commodities were oversupplied by the year end With a number of high cost mines losing money at current commodity prices, pressure is building for further production cuts In order for markets to rebalance, supply needs to be reduced The availability of cheap capital and low interest rates have meant that the industry has been slow to respond As we approached the end of the year, supply cuts began to build We expect these to accelerate as we enter 2016 ultimately providing a supportive environment for commodity prices

During the year ended 30 November 2015 the Company's net asset value (NAV) declined by 29 4%, with the share price falling by 34 8% Over the same period the Euromoney Global Mining and MSCI World Energy indices declined by 38 9% and 12 1% respectively (All data are in sterling with dividends reinvested) In light of the commodity price volatility, the decision was made to reduce gearing the maximum net gearing over the period was 4 7% at the end of November the portfolio had a 0 6% net cash position

The table below shows the annual performance of key commodity prices during the year

Commodity	30 November 2014	30 November 2015	% change
Base Metals (US$/tonne)			
Aluminium	2 030	1,446	-28 8
Copper	6,412	4,586	-28 5
Lead	2,024	1 647	-18 6
Nickel	16,223	8 900	-45 1
Tin	20 276	14 900	-26 5
Zinc	2,213	1,563	-29 4
Precious Metals (US$/oz)			
Gold	1,182	1 065	-9 9
Silver	15 5	14 1	-9 2
Platinum	1 205	831	-31 0
Palladium	809	544	-32 7
Energy			
Oil (WTI) (US$/Bbl)	65 9	41 7	-36 8
Oil (Brent) (US$/Bbl)	71 7	44 6	-37 8
Natural Gas (US$/MMBTU)	4 2	2 2	-46 9
Uranium (US$/lb)	40 0	36 1	-9 7
Bulk Commodities (US$/tonne)			
Iron ore	71 1	43 0	-39 6
Coking coal	112 0	75 4	-32 7
Thermal coal	63 4	53 6	-15 5
Potash (US$/st)	370	290	-21 6
Equity Indices			
Euromoney Global Mining Index (US$)	342 9	193 6	-43 6
Euromoney Global Mining Index (£)	219 0	128 7	-41 2
MSCI World Energy Index (US$)	240 7	197 5	-17 9
MSCI World Energy Index (£)	153 7	131 4	-14 5

Source Bloomberg.

Performance

Investment manager's report continued

INCOME

During the year the Company generated £8,568,000 in gross income This enabled a fourth interim dividend payment of 1 50p per share to be paid, bringing the total dividend for 2015 to 6 00p per share, in line with the previous year

In the half yearly financial report we discussed how a number of the mid cap companies, as well as those with higher amounts of debt, had been forced to reassess their dividends, with a number choosing to cut payments As commodity markets continued to weaken throughout the year, the cashflow generation and balance sheets of resource companies have come under further pressure There is therefore a risk as we go into 2016 that more companies will decide to reduce or even cancel dividends, which would lead us to be cautious on owning such names in an income-orientated portfolio Historically, a dividend cut is something management teams have tried desperately to avoid as the market reaction was typically negative However, in the current environment, with a focus on balance sheet preservation, the latest wave of dividend cuts in the North American energy sector has seen share prices rally as cash conservation has increased in importance

The environment for option writing remained very favourable throughout the second half of the year One of the key determinants of the amount of premium received for writing options is the implied volatility of the underlying shares With the uncertainty in the natural resources sector this volatility was high in both absolute terms and relative to broader equity markets Given our cautious stance on the market, option writing activity was heavily biased towards call writing with over 70% of options sold being calls The limited amount of put option writing was concentrated in gold companies as we looked to add selectively to exposure based on an improving outlook for gold relative to other commodities

The portfolio averaged a significantly lower level of gearing in 2015 compared to 2014, which meant that even without any changes by the companies to their dividends, dividends received by the Company would have been lower given the lower number of shares held in the portfolio This, combined with the attractive environment for option writing meant that for 2015, approximately 50% of the portfolio's income came from option writing compared to between 30% and 40% in previous years

ENERGY

Oil prices and energy equities started the second half of the year on a downward trend as oil supply proved to be more resilient than expected despite lower prices The lack of a significant supply side response to date is the key near term market dynamic Despite economic growth disappointments, oil demand continued to surge, with the IEA revising demand estimates for 2015 higher, twice in the last six months The oversupply is being driven by OPEC's strategy of full production to reclaim market share, the lack of cutbacks in US supply for most of 2015, and ongoing cost reductions in the industry In addition, concerns around Iran meaningfully increasing production following the removal of sanctions continued to weigh on the oil price Levels of oil in storage are also high relative to history, which puts further downward pressure on prices in the short term

Although this paints a rather gloomy picture, there are some signs that are indicative of a more positive market in the future Data released in October showed that US production had finally started to decline and that output in August was approximately 330,000 barrels per day lower than the March 2015 peak Given the collapse in drilling activity in the last 12 months (as shown in the following graph) we would expect this decline in US production to accelerate in 2016 However this alone is not enough to bring about a strong recovery in the energy market, shale production is very flexible and can be restarted quickly should the oil price rebound, with some companies slashing the time from commencing drilling to first production down to nine days What is needed to tighten the oil market in the next 12 to 18 months is either a change in attitude from OPEC (unlikely in our view) or a decline in production from non-OPEC, non-US sources

In our view, current oil prices are ultimately unsustainable and too low to support the investment that will be required over the medium term The world currently uses around ninety-three million barrels of oil per day and, whilst the market is oversupplied today, the relatively fast decline rate of oil wells necessitates a need for constant reinvestment to maintain aggregate output With the recent collapse in the oil price, companies have abandoned capital spending programmes to the tune of $130 billion so far, with more set to come as they go through their 2016 budgeting process This decline in capital expenditure should manifest itself in lower production from conventional oilfields as we head to the end of 2016 The two main threats to this thesis are (1) Iran managing to increase production to higher levels than expected, pushing out this rebalancing of the market and (2) cost deflation in the industry and improved efficiencies result in little change to production despite the falling dollar amount spent While the latter point of declining capital intensity has been observed in the mining sector, the sheer volume of cuts should, in our view, still cause a decrease in non-OPEC production

MINING

It was also an extremely difficult and volatile period for the mining sector Concerns over the potential weakening of the Chinese economy, demand weakness, increasing supply and industry wide cost deflation put significant pressure on commodity prices Mined commodities were down across the board with copper, nickel and iron ore falling by 29%, 45% and 40% respectively At the end of the period the price of many mined commodities traded below the cost of production for higher cost producers, which saw a significant proportion of overall mined production in loss-making territory

We have previously highlighted the impact of falling oil prices and weaker commodity currencies (such as the Australian and Canadian dollar) on costs resulting in a meaningful compression and flattening of cost curves This trend continued during 2015, with many companies seeing costs down by between 30% and 50% since the peak thereby dampening, to an extent, the impact of falling commodity prices on margins In addition, we continue to see the industry lower capital expenditure as a result of cost deflation, re-scoping of projects and cancellations Today we see very few companies committing fresh capital on growth projects as current commodity price levels are insufficient to meet return thresholds This bodes well for the longer term and limits the industry's ability to respond to the next upturn in demand which will therefore ultimately see prices go higher

Since the peak of the mining cycle in 2011, the industry has responded to lower commodity prices through cost cutting, capital expenditure reductions, asset sales and restructuring We are now at the point where companies need to curtail loss-making production to reduce commodity surplus balances in the market In previous cycles this process has been swift with high cost production cut quickly This cycle has however been different The rapid reduction in costs, combined with low interest rates and for many companies ample balance sheet liquidity, has not forced the industry to make the tough decisions to shutdown loss making assets As we enter 2016, the industry will be forced to respond and we would expect to see an acceleration in production cuts which should be supportive for commodity prices

Given the weakness and volatility in commodity prices during the period, the portfolio remained focused on high quality, low cost and high dividend yielding companies During the year, the Company increased its exposure to diversified miners BHP Billiton and Rio Tinto, who continued during 2015 to pay out an attractive and high level of dividends, whilst reducing exposure to those companies where we felt it was inevitable that dividends would be cut including Freeport, Vale, Antofagasta and Teck Resources

PORTFOLIO & POSITIONING

During the year we maintained a portfolio that was relatively balanced between the mining and energy sectors as both faced headwinds from falling underlying commodity prices, regular earnings downgrades and negative investor sentiment Dividend cuts were seen across both sectors too, with no income-based rationale for favouring one sector over the other

We also managed the Company with a very low level of gearing in 2015, when compared to 2014, given the volatility and downward trajectory of share prices We maintain the flexibility to use gearing to enhance income and capital returns but do not see a near term catalyst to change our cautious stance

From a stock specific perspective, as we went through the year and the market continued to deteriorate, we increasingly focused on the resilience of balance sheets This resulted in us exiting positions such as Vedanta and reducing our holding in Glencore during the third quarter We were also disciplined in selling those companies that had performed strongly and where, despite a robust dividend outlook, the relative valuation appeared challenging – one example of this was trimming the Norilsk position at the end of September Relative valuation was also the key driver behind the increase in the Royal Dutch Shell position during the second half of the year

During the second half of the year we also added modestly to the portfolio's gold exposure Although the common view is that a Fed rate rise will be negative for gold, investor positioning is already bearish and the rate rise very well flagged so it should not be a major event Also, the gold companies have turned the corner operationally in the last twelve months with falls in operating costs and greater success in achieving production and financial metrics

We ended the period with just under 3% of the NAV in one agriculture stock, Potash Corp During the year we held positions in two more agriculture names but sold them based on relative valuation and their low dividend payments relative to opportunities elsewhere

OUTLOOK

2016 is shaping up to be another tough year for the natural resources sector While oil demand remains healthy, demand for industrial commodities is likely to remain subdued with global industrial production expected to grow at a historically low level during 2016 Commodity markets remain oversupplied and prices for certain commodities will need to remain at current levels, or move lower, to cause loss-making production to be shutdown In light of this, dividends will remain under pressure for the sector and we would expect to see companies further reduce capital spending and operating costs to maintain their balance sheets

Despite the very disappointing performance of the sector, it is not all doom and gloom In oil, with Iran back in the market it now appears that we are past the point of maximum oversupply and the market has potential to tighten later in 2016 In our view, the current oil price is unsustainable and too low to incentivise the investment that will be required over the medium term For industrial commodities, while the supply side has been slower to respond we expect production cuts to increase with a number of miners loss making at current commodity prices In the case of copper and zinc where above ground inventories are lower than is the case for aluminium and nickel, we would expect these prices to respond quicker

OLIVIA MARKHAM AND TOM HOLL
BlackRock Investment Management (UK) Limited
2 February 2016

Portfolio

Distribution of investments as at 30 November 2015

Portfolio

Ten largest investments as at 30 November 2015

ExxonMobil 6.3% (2014 6 0%) is the world's largest publicly traded international oil and gas company and the largest refiner and marketer of petroleum products

First Quantum Minerals 5 6% (2014 1 3%) is an established and rapidly growing mining company operating seven mines and developing five projects worldwide The company is a significant copper producer and also produces nickel, gold, zinc and platinum group elements

BHP Billiton 5 5% (2014 4 1%) is the world's largest diversified natural resources company The company is a major producer of aluminium, iron ore, copper, thermal and metallurgical coal, manganese, uranium, nickel, silver, titanium minerals and diamonds The company also has significant interests in oil, gas and liquefied natural gas

Rio Tinto 5 4% (2014 3 0%) is one of the world's leading mining companies The company's primary production is iron ore, but it also produces aluminium, copper, diamonds, gold, industrial minerals and energy products

Chevron: 5.3% (2014 6 0%) is one of the world's leading integrated energy companies engaged in every aspect of the oil, gas and power generation industries Chevron is one of the world's 'supermajor' oil companies, along with BP, ExxonMobil, Royal Dutch Shell and Total

Royal Dutch Shell 5 0% (2014 3 6%) is one of the world's leading energy companies The Anglo-Dutch company is active in every area of the oil and gas industry within exploration and production, refining and marketing, power generation and energy trading The company also has renewable energy interests in biofuels

ConocoPhillips: 4.9% (2014 3 2%) is the world's largest independent exploration and production company (based on proved reserves and production of liquids and natural gas) It has producing assets in North America, Europe, Asia and Australia in conventional oil and gas and a growing portfolio of North American shale and oil sands businesses

Enbridge Income Fund Trust 4 7% (2014 3 8%) is a Canadian listed company that is focused on energy infrastructure assets in North America It has a strong commitment to paying cashflow out to shareholders, with a long term target of paying out approximately 80% of cash generated and available for distribution on a monthly basis

Statoil: 4 4% (2014 2 4%) is a fully integrated Norwegian multinational oil and gas company The company was formed by the 2007 merger of Statoil with the oil & gas division of Norsk Hydro The Government of Norway is the largest shareholder with 67% of the shares

BP: 4.1% (2014 1 1%) also referred to by its former name British Petroleum, is one of the world's leading international oil and gas companies The Company explores for and produces oil and natural gas, refines, markets and supplies petroleum products It also generates solar energy and manufactures chemicals

All percentages reflect the value of the holding as a percentage of total investments For this purpose where more than one class of securities is held, these have been aggregated The percentages in brackets represent the value of the holding as at 30 November 2014 Together the ten largest investments represent 51 2% of total investments (ten largest investments as at 30 November 2014 41 4%)

Portfolio

Investments as at 30 November 2015

	Main geographic exposure	Market value £'000	% of investments %
Integrated Oil			
Exxon Mobil	Global	4,347	6 3
Chevron	Global	3,677	5 3
Royal Dutch Shell	Global	3,469	5 0
ConocoPhillips	USA	3 411	4 9
Statoil	Europe	3,001	4 4
BP	Global	2,812	4 1
Eni	Europe	2 115	3 1
Total	Global	1,448	2 1
Occidental Petroleum	USA	1,301	1 9
		25,581	**37 1**
Exploration & Production			
Anadarko Petroleum	USA	1,811	2 6
Anadarko Petroleum Call Option 18/12/15	USA	(22)	-
Laredo Petroleum	USA	1,795	2 6
Laredo Petroleum Call Option 18/12/15	USA	(21)	-
Devon Energy	USA	1,436	2 1
Cimarex Energy	USA	988	1 4
Encana	Canada	941	1 4
Crescent Point Energy	Canada	817	1 2
Pioneer Natural Resources	USA	769	1 1
Cabot Oil & Gas	USA	613	0 9
Marathon Oil	Global	582	0 8
Noble Energy	USA	528	0 8
Peyto Explorations & Development	Canada	364	0 5
Southwestern Energy	USA	359	0 5
		10,960	**15 9**
Diversified Mining			
BHP Billiton	Global	3,783	5 5
BHP Billiton Call Option 18/12/15	Global	(14)	-
Rio Tinto	Global	3,754	5 4
Anglo American	Global	1,021	1 5
Anglo American Call Option 15/01/16	Global	(69)	(0 1)
Lundin Mining	Europe	974	1 4
Glencore	Global	897	1 3
Johnson Matthey Put Option 15/01/16	Global	(12)	-
		10,334	**15.0**
Copper			
First Quantum Minerals 7 25% 15/05/22	Global	2,748	4 0
First Quantum Minerals	Global	1,207	1 7
First Quantum Minerals Call Option 15/01/16	Global	(83)	(0 1)
Freeport-McMoRan Copper & Gold	Asia	706	1 0
Freeport-McMoRan Copper & Gold Call Option 18/12/15	Asia	(33)	-
Hudbay Minerals 9 5% 1/10/20	Canada	706	1 0
Avanco Resources	Latin America	516	0 8
Southern Copper	Latin America	513	0 7
Southern Peru Copper	Latin America	167	0 2
		6,447	**9 3**

Portfolio

Investments as at 30 November 2015 continued

	Main geographic exposure	Market value £'000	% of investments %
Distribution			
Enbridge Income Fund Trust	Canada	3 247	4 7
		3,247	**4.7**
Gold			
Gold Fields	South Africa	840	1 2
Nevsun Resources	Africa	805	1 2
Osisko Gold Royalties	Canada	706	1 0
Detour Gold	Canada	408	0 6
Eldorado Gold	Canada	366	0 6
Anglogold Ashanti Put Option 18/12/15	Global	(259)	(0 4)
		2,866	**4 2**
Fertilizers			
Potash Corporation of Saskatchewan	Canada	1,975	2 8
Potash Corporation of Saskatchewan Call Option 18/12/15	Canada	(14)	–
Iluka Resources	Australia	691	1 0
		2,652	**3 8**
Nickel			
MMC Norilsk Nickel	USA	1 492	2 2
MMC Norilsk Nickel Call Option 18/12/15	USA	(7)	–
Western Areas	Australia	521	0 7
Western Areas Put Option 8/12/15 2 4816	Australia	(80)	(0 1)
		1,926	**2 8**
Silver			
Tahoe Resources	USA	908	1 3
Fresnillo	Latin America	899	1 3
		1,807	**2 6**
Oil Services			
Schlumberger	USA	1 307	1 9
		1,307	**1 9**
Diamonds			
Petra Diamonds 8 25% 31/05/20	South Africa	976	1 4
Petra Diamonds	South Africa	182	0 3
		1,158	**1 7**
Coal			
China Shenhua Energy	China	711	1 0
China Shenhua Energy Call Option 30/12/15	China	(9)	–
		702	**1 0**
Total Investments		**68,987**	**100 0**

All investments are ordinary shares unless otherwise stated

The total number of holdings (including options) at 30 November 2015 was 62 (30 November 2014 64)

The total number of open options as at 30 November 2015 was 12 (30 November 2014 11)

The negative valuations of £623,000 in respect of options held represent the notional cost of repurchasing the contracts at market prices as at 30 November 2015

As at 30 November 2015, the Company did not hold any equity interests comprising more than 3% of any company's share capital

Governance

Governance structure and directors' biographies

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

Four non-executive Directors (NEDs), all independent of the Investment Manager with the exception of Mr Ruck Keene

Chairman Ed Warner (since March 2015)

6 scheduled meetings per annum

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 Companys assets to be safeguarded
- To challenge constructively and scrutinise performance of all outsourced activities and
- To set the Companys remuneration policy

Committees

Audit and Management Engagement Committee

3 scheduled meetings per annum

Membership All independent NEDs

Chairman Michael Merton (since March 2014)

Key objectives

- To oversee financial reporting and the control environment,
- To review the performance of the Manager and Investment Manager, and
- To review other service providers

Nomination Committee

1 scheduled meeting per annum

Membership All independent NEDs

Chairman Ed Warner (since March 2015)

Key objectives

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

Directors

Ed Warner

Chairman

Appointed July 2013

is chairman of Panmure Gordon & Co Plc UK Athletics LMAX and the Standard Life European Private Equity Trust Ed is also a non-executive director of Clarkson PLC, Grant Thornton UK LLP SafeCharge International Group Limited and DCI (Ireland) Funds He was previously a non-executive director of BlackRock Emerging Europe plc (formerly The Eastern European Trust) and chief executive of IFX Group chief executive of Old Mutual Financial Services UK, Head of Pan European Equities at BT Alex Brown and Head of Global Research at both NatWest Markets and Dresdner Kleinwort Benson

Attendance record

Board 6/6

Audit and Management Engagement Committee 3/3

Nomination Committee 1/1

Michael Merton

Audit and Management Engagement Committee Chairman

Appointed July 2010

is a Chartered Accountant with extensive experience in the international resources industry having spent the majority of his executive career at Rio Tinto where he held senior operational roles around the world Michael is currently a non-executive director of Cape plc Chairman of its audit committee a member of its remuneration and nomination committees and the senior independent director he is also Chairman of the J Sainsbury Pension Scheme and its investment committee and a trustee of the Universities Superannuation Scheme and the HALO Trust

Attendance record

Board 6/6

Audit and Management Engagement Committee 3/3

Nomination Committee 1/1

Dr Carol Bell

Appointed December 2014

is currently a non-executive director of Ophir Energy plc Petroleum Geo-Services ASA and two listed holding companies of the Fred Olsen Group (Bonheur ASA and Ganger Rolf ASA) a member of the S4C authority and a Trustee of the National Museum Wales Dr Bell was formerly a managing director of Chase Manhattan Bank's Global Oil & Gas Group head of European equity research at JP Morgan and an equity research analyst in the oil and gas sector at Credit Suisse First Boston and UBS She has also previously been a director of Salamander Energy plc Hardy Oil & Gas plc, Det norske oljeselskap ASA and Caracal Energy Inc (now Glencore E&P (Canada) Inc)

Attendance record

Board 5/6

Audit and Management Engagement Committee 3/3

Nomination Committee 1/1

Jonathan Ruck Keene

Appointed March 2009

is a managing director of BlackRock Investment Management (UK) Limited with over 35 years experience in the financial sector He joined the BlackRock group in 1986 through one of its predecessor companies Mercury Asset Management where he was a portfolio manager until 1997 Following senior management roles in communications and marketing he was head of Closed End Funds from March 2004 until January 2016 He now works for BlackRock on a part time basis

Attendance record

Board 6/6

Audit and Management Engagement Committee n/a

Nomination Committee n/a

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

Directors' report

The Directors present the Annual Report and Financial Statements of the Company and its subsidiary (together the Group) for the year ended 30 November 2015

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

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of the Alternative Investment Fund Managers Directive (AIFMD) The Company is governed by the provisions of the European Union (Alternative Investment Fund Managers) Regulations 2013 (the Regulations) and is required to be authorised by the Financial Conduct Authority (FCA) It must comply with a number of obligations, including the appointment of an Alternative Investment Fund Manager (AIFM) and a depositary to carry out certain functions The AIFM must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the FCA Further details are set out on the Company's website at blackrock co uk/brci, the Regulatory Disclosures section on pages 68 and 69 and in the notes to the financial statements on pages 44 to 62

The Company's ordinary shares are eligible for inclusion in the stocks and shares component of a New Individual Savings Account (NISA)

Facilitating retail investments

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

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

The Common Reporting Standard

New tax legislation under The OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information ("The Common Reporting Standard") was introduced on 1 January 2016

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

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

DIVIDENDS

Details of dividends paid and payable in respect of the year are set out in note 8 to the Financial Statements on page 49

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)) continues to act as the Company's Investment Manager under a delegation agreement with BFM BIM (UK) also acted as the Secretary of the Company throughout the year For the year ended 30 November 2015 BFM received a management fee of 1 1% of gross assets With effect from 1 December 2015, the management fee was reduced to 0 95% on the first £250 million of gross assets and 0 90% thereafter Further details in relation to the management fee are given in note 4 to the financial statements on page 47 The Board believes that the current fee structure is appropriate for an investment company in this sector

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 The PNC Financial Services Group, Inc has a significant economic interest in BlackRock, Inc PNC Financial Services Group, Inc is a US public company

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 the year ended 30 November 2015, 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 03% per annum of its net assets (£92 5 million) as at 31 December 2014, and this contribution is matched by BIM (UK) For the year ended 30 November 2015, £21,500 (excluding VAT) has been incurred in respect of this initiative 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

Appointment of the Manager

The Board considers the arrangements for the provision of 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 considers 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, is in the interests of shareholders as a whole given the track record of BlackRock's Natural Resources team in the commodities sector

DEPOSITARY AND CUSTODIAN

The Company is required under the AIFMD to appoint an AIFMD compliant depositary The Company appointed BNY Mellon Trust & Depositary (UK) Limited (the Depositary) in this role with effect from 2 July 2014 Their 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 AIFMD 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 0 0115% 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 the financial instruments held in custody

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

REGISTRAR

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

For the three years which commenced on 1 July 2013, the Registrar receives a fixed fee plus disbursements Fees in respect of any corporate actions are negotiated as necessary

FOREIGN EXCHANGE

At the financial year end, approximately 75 8% of the Company's portfolio was invested in non-sterling assets, with 48 5% invested in US dollar denominated assets The Investment Manager does not actively hedge currency exposure

DERIVATIVE TRANSACTIONS

During the year the Group entered into a number of derivative option contracts generating option premium income of £4,538,000 (2014 £3,093,000) Twelve contracts remained open at 30 November 2015, details of which are given in the portfolio holdings listed on pages 17 and 18 All open call options were fully covered

CHANGE OF CONTROL

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

EXERCISE OF VOTING RIGHTS IN INVESTEE COMPANIES

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

BIM (UK)'s global corporate governance and engagement principles are published on the website blackrock com/corporate/en-gb/about-us/responsible-investment/responsible-investment/engagement-and-proxy-voting The principles set out BIM (UK)'s views on the overarching features of corporate governance that apply in all markets For each region, BIM (UK) also publish market-specific policies, which are updated every year to ensure that they remain relevant

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

During the year under review, the Investment Manager voted on 921 proposals at 62 general meetings on behalf of the Company At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well-run companies, but voted against 48 management resolutions and abstained or withheld from voting on 20 resolutions Most of the votes against were in respect of proposals which contained insufficient disclosure for the Investment Manager to make an informed decision, or in respect of executive remuneration packages which were considered to be poorly structured

PRINCIPAL RISKS

The key risks faced by the Company are set out in the Strategic Report on pages 8 and 9

GOING CONCERN

The financial statements of the Company have been prepared on a going concern basis The forecast projections and actual performance are reviewed on a regular basis throughout the period and the Directors believe that this is the appropriate basis and the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound The Company is able to meet all of its liabilities from its assets and the ongoing charges are approximately 1 4% of the net assets

DIRECTORS

The Directors of the Company as at 30 November 2015 and their biographies are set out on page 19 Details of the Directors' interests in the ordinary shares of the Company are set out in the Directors' Remuneration Report on page 28 All of the Directors held office throughout the year under review, with the exception of Mr Hodson who stood down as a Director and Chairman of the Company on 17 March 2015

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

Although the Articles of Association require that one third of the Directors retire and submit themselves for re-election at each AGM the Board has resolved that all of the Directors should be subject to re-election on an annual basis Accordingly, Dr Bell, Mr Merton, Mr Warner and Mr Ruck Keene will offer themselves for re-election for a further year Further details of the independence of the Board and Board tenure is provided in the Corporate Governance Statement on page 29

The Board has considered the position of Mr Ruck Keene, Mr Warner, Mr Merton and Dr Bell as part of the evaluation process and believes that it would be in the Company's best interests for each of them to be proposed for re-election at the forthcoming AGM, given their material level of contribution and commitment to the role

Having considered the Directors' performance within the annual Board performance evaluation process, further details of which are provided on page 30, the Board believes that it continues to be effective and that the Directors bring extensive knowledge and commercial experience and demonstrate a range of valuable business, financial and asset management skills The Board therefore recommends that shareholders vote in favour of each Director's proposed re-election

As a managing director of the Company's Investment Manager, Mr Ruck Keene is deemed to be interested in the Company's management agreement There were no other 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 None of the Directors is entitled to compensation for loss of office on the takeover of the Company None of the Directors has a service contract with the Company

DIRECTORS' INDEMNITY

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

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

The Board considers that the framework has worked effectively throughout the year under review

DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report is set out on pages 26 to 28 An ordinary resolution to approve this report will be put to shareholders at the 2016 AGM

SUBSTANTIAL SHARE INTERESTS

As at 30 November 2015 and as at 1 February 2016, 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

	Number of ordinary shares	% of issued share capital
Brewin Dolphin Limited	8 885,968	7 7
Rathbone Brothers Plc	5,411 557	4 7
Charles Stanley & Co Limited	4,485,114	3 9
Investec Wealth & Investment Limited	4 273 492	3 7

As at 1 February 2016, the Company had not received notification of any changes to these interests

The Board is also aware that 2 1% of the Company's share capital was held through the BlackRock Investment Trusts Savings Plan and NISA as at 30 November 2015 As at 1 February 2016, 2 1% of the Company's share capital was held through the BlackRock Investment Trusts Savings Plan and NISA

No other shareholder had notified an interest of 3% or more in the Company's shares up to 1 February 2016

SHARE CAPITAL

Details of the Company's issued share capital are given in note 14 to the Financial Statements on page 52 Details of the voting rights are given in note 16 to the Notice of Annual General Meeting on page 73

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 of the ordinary shares There are no shares which carry specific rights with regard to the control of the Company

ORDINARY SHARE ISSUES AND REPURCHASES

Share issues

During the year ended 30 November 2015, the Company allotted 10,410,000 ordinary shares for a total consideration of £8,086,000 before the deduction of issue costs All of the shares were allotted to Winterflood Securities Limited Subsequent to the year end, and up to the close of business on 1 February 2016, a further 250,000 shares have been issued at a premium to NAV for total proceeds of £135,000, before the deduction of issue costs The shares were allotted to Winterflood Securities Limited Further details are provided in the Chairman's Statement on page 4

The current authority to issue new ordinary shares or sell ordinary shares from treasury for cash was granted to the Directors on 17 March 2015 and will expire at the conclusion of the 2016 AGM The Directors are proposing that their authority to issue new ordinary shares or sell shares from treasury for cash be renewed at the forthcoming AGM The Company will be seeking the authority to allot new ordinary shares or sell from treasury ordinary shares representing up to 10% of the Company's issued ordinary shares capital

Share repurchases

The current authority to repurchase up to 14 99% of the Company's issued share capital to be held in treasury or for cancellation was granted to the Directors on 17 March 2015 and will expire at the conclusion of the 2016 AGM No ordinary shares were bought back in the year under review The Directors considered that it was unnecessary to buy back any shares as there was demand for the Company's shares in the market and any discount at which the shares traded to their underlying net asset value remained narrow and short-lived

The Directors are proposing that their authority to buy back up to 14 99% of the Company's issued share capital be renewed at the forthcoming AGM

Although the Manager initiates any buy backs, the policy and parameters are set by the Board and reviewed at regular intervals The Company would raise the cash needed to finance any purchase of shares either by selling securities in the Company's portfolio or by short term borrowing

TREASURY SHARES

The Board has determined that up to 10% of the issued shares of the Company may be held in treasury and, as described above, the Company is authorised to purchase its own ordinary shares to be held in treasury for reissue at a premium, or cancellation at a future date This authority was not used during the year and the Company does not currently hold any ordinary shares in treasury

TENDER OFFERS

The Board concluded that it would not exercise its discretion to operate the half yearly tender offers in August 2015 and February 2016

The Directors are proposing that their authority to make further regular tender offers be renewed at the forthcoming AGM

ARTICLES OF ASSOCIATION

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

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)

Directors' report continued

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 including the form of proxy, at once 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.

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

Resolution 10 Authority to allot shares

The Directors may only allot shares for cash if authorised to do so by shareholders in a general meeting This resolution seeks to renew the authority of the Directors to allot ordinary shares for cash up to an aggregate nominal amount of £115,818 per annum which is equivalent to 11,581,800 ordinary shares and represents 30% of the Company's issued ordinary share capital (excluding any treasury shares) as at the date of the Notice of the Annual General Meeting

The Directors will use this authority when it is in the best interests of the Company to issue ordinary shares for cash This authority will expire at the conclusion of the AGM to be held in 2017 unless renewed prior to that date

Resolution 11 Authority to disapply pre-exemption rights

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

Resolution 11 empowers the Directors to allot new ordinary 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 £115,818 which is equivalent to 11,581,800 ordinary shares and represents 10% of the Company's issued ordinary share capital as at the date of the Notice of Annual General Meeting This authority will expire at the conclusion of the AGM to be held in 2017 unless renewed prior to that date

Resolution 12 Authority to buy back shares

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

The Directors are seeking authority to purchase up to 17,361,118 ordinary shares, being approximately 14 99% of the issued share capital as at the date of the Notice of Annual General Meeting This authority will expire at the conclusion of the AGM to be held in 2017 unless renewed prior to that date

Any ordinary shares purchased pursuant to resolution 12 shall be cancelled immediately upon completion of the purchase or held sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act 2006

Resolutions 13 and 14 Regular tender offers

Resolutions 13 and 14 seek shareholder approval to renew the authorities to operate semi-annual tender offers in accordance with the standard terms and conditions of the regular tender offers The Directors are seeking authority to purchase up to a maximum of 20% of the shares in issue at each relevant tender offer date The authorities, if renewed, will respectively expire on 31 October 2016 and 30 April 2017

Resolution 15 Changes to the Company's Articles of Association

Resolution 15, as set out in the Notice of Annual General Meeting, seeks approval from shareholders to adopt new Articles of Association (Articles) The proposed amendments are required to ensure that the Company conforms with the US Bank Holding Company Act 1956 It is anticipated that the Company will be classified as a 'Regulation K' fund for the purposes of the Act To ensure compliance with Regulation K requirements of the Act, the Company's shares may not be sold or distributed in the United States or to US residents The Board is therefore proposing to include a provision in the new Articles to give it the power to compulsorily transfer any persons out of the Company should their presence create a significant legal or regulatory issue for the Company under the US Bank Holding Company Act

A copy of the existing Articles and the proposed new Articles marked to show the changes will be available during normal business hours (Saturdays, Sundays and public holidays excepted) at the Company's registered office up to and including close of business on 14 March 2016 and at the Annual General Meeting for at least 15 minutes prior to the start of the Meeting and up to the close of the Meeting

RECOMMENDATION

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

CORPORATE GOVERNANCE

Full details are given in the Corporate Governance Statement on pages 29 to 32 The Corporate Governance Statement forms part of this Directors' Report

AUDIT INFORMATION

As required by Section 418 of the Companies Act 2006 each of the Directors who held office at the date of approval of this Directors' Report 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

The Auditor, Ernst & Young LLP, is willing to continue in office Resolutions proposing the reappointment of Ernst & Young LLP and authorising the Audit and Management Engagement Committee to determine the Auditor's remuneration for the ensuing year will be proposed at the AGM

The Directors report was approved by the Board at its meeting on 2 February 2016

BY ORDER OF THE BOARD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Kerry Higgins
Company Secretary
2 February 2016

Governance

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 30 November 2015 which has been prepared in accordance with sections 420-422 of the Companies Act 2006

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 37 to 39

STATEMENT BY THE CHAIRMAN

A key element of the Board's policy on remuneration is that levels of Directors' fees should be sufficient to attract, retain and motivate individuals with suitable knowledge and experience to promote the long term success of the Company whilst also reflecting the time commitment and responsibilities of the role The basis for determining the level of any increase in the Directors' remuneration is set out below

Following a review in December 2015, the Board will be maintaining the Directors' remuneration at the levels set out in the policy table on the following page The remuneration was last increased on 1 December 2013

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 Remuneration Committee has therefore not been established

REMUNERATION AND SERVICE CONTRACTS

In setting the Directors' fees, a number of factors are considered, including

- the average rate of inflation during the period since the last increase,
- the level of Directors' remuneration for other investment trusts of a similar size
- the time commitment of the role, and
- the level and complexity of the Directors' responsibilities

In determining the level of Directors' remuneration the Company Secretary provides a comparison of fees 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 This comparison, together with consideration of any alteration in the Directors' responsibilities, is used to review whether any change in remuneration is necessary

None of the Directors is entitled to receive from the Company

- performance related remuneration,
- any benefits in kind except reasonable travel expenses in the course of travel to attend meetings and duties undertaken on behalf of the Company
- share options,
- rewards through a long term incentive scheme,
- a pension or other retirement benefit and
- compensation for loss of office

The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting Directors' fees

The maximum remuneration of the Directors is determined within the limits of the Company's Articles of Association and currently amounts in aggregate, annually, to £150,000

All of the Directors are non-executive None of the Directors has a service contract with the Company and the terms of their appointment are detailed in a letter of appointment New directors are appointed for an initial term of three years and it is expected that they will serve two further three year terms The continuation of an appointment is contingent on satisfactory performance evaluation and re-election at each Annual General Meeting (AGM) A director may resign by notice in writing to the Board at any time, there is no notice period

The letters of appointment are available for inspection at the registered office of the Company

CONSIDERATION OF SHAREHOLDERS' VIEWS

An ordinary resolution to approve the remuneration report is put to members at each AGM The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes Shareholders have the opportunity to express their views and ask questions in respect of the remuneration policy at the AGM To date, no shareholders have commented in respect of the remuneration policy In the event that there was a substantial vote against any resolution proposed at the Company's AGM, the reasons for any such vote would be sought and appropriate action taken Should the votes be against resolutions in relation to the directors' remuneration, further details will be provided in future Directors' Remuneration Reports

At the Company's 2015 AGM, 99 7% of votes cast were in favour of the resolution to approve the Directors' remuneration report in respect of the year ended 30 November 2014

An ordinary resolution for the approval of the Company's remuneration policy was put to, and passed by, shareholders at the AGM held on 28 March 2014, 99 3% of the votes cast were in favour of this resolution The remuneration policy is subject to shareholder approval on a triennial basis and the provisions of this policy are expected to remain in effect until the AGM in 2017 when the Company is next required to submit the policy to shareholders

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 responsibilities borne by the Directors
	Description	Current levels of fixed annual fee Chairman – £33,000 Audit and Management Engagement Committee Chairman – £27 000 Directors – £22 000 All reasonable expenses to be reimbursed
	Maximum levels	Remuneration consists of a fixed fee each year, set in accordance with the stated policies The Company's Articles of Association provide that until otherwise determined by the Company by Ordinary Resolution, there shall be paid to the Directors (other than alternate Directors) such fees for their services in the office of Director as the Directors may determine (not exceeding in the aggregate an annual sum of £150,000 (subject to increase as provided below) or such larger amount as the Company may by Ordinary Resolution decide) divided between the Directors as they agree In accordance with the provisions of the Company s Articles of Association the Directors are also entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors including any expenses incurred in attending meetings of the Board or of Committees of the Board or Annual General Meetings or General Meetings There is a limit of £10,000 in relation to the amount payable in respect of taxable benefits
Operation	Fixed fee element	The Board reviews the quantum of Directors fees each year to ensure that they are in line with the level of Directors remuneration for other investment trusts of a similar size When considering any changes in fees, the Board will take into account wider factors such as the average rate of inflation over the period since the previous review, and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements)
Operation	Taxable benefits	Taxable benefits comprise travel expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered offices 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

REMUNERATION IMPLEMENTATION REPORT

A single figure for the total remuneration of each Director is set out in the table below for the years ended 30 November 2015 and 2014

	Year ended 30 November 2015			Year ended 30 November 2014		
Directors	Fees £	Taxable benefits £	Total £	Fees £	Taxable benefits £	Total £
Ed Warner (Chairman)[1]	29,773	–	29,773	22,000	–	22,000
Carol Bell[2]	22,000	–	22,000	–	–	–
Michael Merton[3]	27 000	–	27,000	25,374	–	25,374
Jonathan Ruck Keene	–	–	–	–	–	–
Alan Hodson[4]	9,773	–	9,773	33 000	–	33 000
Humphrey van der Klugt[5]	–	–	–	8,782	951	9 733
Total	88,546	–	88 546	89,156	951	90,107

1 Appointed as Chairman on 17 March 2015
2 Appointed as a Director on 1 December 2014
3 Appointed Chairman of the Audit and Management Engagement Committee on 28 March 2014
4 Retired as a Director and Chairman on 17 March 2015
5 Retired as a Director on 28 March 2014

Directors' remuneration report continued

Mr Ruck Keene waived the entitlement to his fee Mr Ruck Keene devotes a portion of his time employed by BlackRock to serve as a Director of the Company An apportionment of his remuneration on a time served basis from employment by an affiliate of the Manager would materially equate to the fees received by the other Directors of the Company for similar qualifying services

The information in the table on the previous page has been audited The amounts paid by the Company to the Directors were for services as non-executive directors

As at 30 November 2015 there were no amounts outstanding to Directors in respect of their annual fees (2014 nil)

RELATIVE IMPORTANCE OF SPEND ON REMUNERATION

As the Company has no employees, the table below comprises the total remuneration costs and benefits paid by the Company To enable shareholders to assess the relative importance of spend on remuneration, this has been shown in the table below compared with the Company's total revenue, total operating expenditure and dividend distributions

	2015 £'000	2014 £'000	Change £'000
Directors total remuneration	89	90	(1)
Dividends paid and payable	6,697	6,110	587
Net loss on ordinary activities after tax	(28,624)	(8,681)	(19,943)

No payments were made in the period to any past Directors (2014 £nil)

PERFORMANCE

The following graph compares the Company's net asset value and share price performance with the performance of an equivalent investment in a composite index, 50% Euromoney Global Mining Index and 50% MSCI World Energy Index This composite index is deemed to be the most appropriate as the Company has both global mining and energy investment objectives

SHAREHOLDINGS

The Board has not adopted a policy that Directors are required to own shares in the Company

The interests of the Directors in the ordinary shares of the Company 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

	30 November 2015 Ordinary shares	30 November 2014 Ordinary shares
Ed Warner	32,000	20,000
Carol Bell	33,500	-
Michael Merton	17,000	17,000
Jonathan Ruck Keene	14 000	14,000
Alan Hodson[1]	n/a	150,000

1 Retired as a Director and Chairman on 17 March 2015

The information in the table above has been audited

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

RETIREMENT OF DIRECTORS

Further details are given in the Directors' Report on page 22

BY ORDER OF THE BOARD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Kerry Higgins
Company Secretary
2 February 2016

Governance

Corporate governance statement

CHAIRMAN'S INTRODUCTION

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

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

As a UK listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the UK Code) issued by the Financial Reporting Council in September 2014 However, as listed investment trust companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance (the AIC Code) issued in February 2015, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council

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

This report, which is part of the Directors' Report, explains how the Board addresses its responsibility, authority and accountability

COMPLIANCE

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

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

- the role of the chief executive,
- executive directors' remuneration
- the need for an internal audit function as set out in the Corporate Governance Statement on page 31 and
- nomination of a senior independent director

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

Board composition

The Board currently consists of four non-executive Directors With the exception of Mr Ruck Keene, who is an employee of the Manager, all are considered to be independent of the Company's Manager The provision of the UK Code (A 2 1) which relates to the combination of the roles of the chairman and chief executive does not apply as the Company has no executive directors The UK Code (A 4 1) recommends that the Board should appoint one of the independent non-executive directors to be the senior independent director However, as the Board's structure is relatively simple, with no executive directors and just four non-executive directors, the Board does not consider it necessary to nominate a senior independent director

The Directors' biographies, on page 19, demonstrate a breadth of investment knowledge, business and financial skills which enable 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 19

Diversity

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

Board independence and tenure

The Board's individual independence, including that of the Chairman, has been considered, and this independence allows all of the Directors, with the exception of Mr Ruck Keene, who is not a member of the Nomination or Audit and Management Engagement Committees, to sit on the Company's various Committees None of the Directors has a service contract with the Company The terms of their appointment are detailed in a letter sent to them when they join the Board These letters are available for inspection at the registered office of the Company and will be available at the AGM

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are discussed in the Directors' Report on page 22

The Board believes that it has a good balance of investment knowledge, business, financial skills and experience which enable it to provide effective strategic leadership and proper governance of the Company, as demonstrated by the Directors' biographies on page 19

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

Directors' training and induction

When a new Director is appointed to the Board, he or she is provided with all relevant information regarding the Company and his or her duties and responsibilities as a Director In addition, a new Director will also spend some time with representatives of the Manager, including the Portfolio Managers and the Company Secretary, whereby he or she will become familiar with the various processes which are considered necessary for the performance of their duties and responsibilities

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 law or regulations that could affect them or the Company

Directors' liability insurance

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

THE BOARD'S RESPONSIBILITIES

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

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

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

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

PERFORMANCE EVALUATION

A formal appraisal system has been agreed for the evaluation of the Board, its Committees and the individual Directors, including the Chairman

The annual evaluation for the year ended 30 November 2015 has been carried out This took the form of questionnaires followed by discussions to identify how the effectiveness of the Board's activities, including its Committees policies or processes might be enhanced

The Chairman also reviewed with each Director their individual performance, contribution and commitment The appraisal of the Chairman followed the same format and was led by Mr Merton The results of the evaluation process were presented to and considered by the Board There were no significant actions arising from the evaluation process and it was agreed that the current composition of the Board and its Committees reflected a suitable mix of skills and experience, and that the Board as a whole, the individual Directors and its Committees were functioning effectively

DELEGATION OF RESPONSIBILITIES

The Board has delegated the following areas of responsibility

Management and administration

The management of the investment portfolio and the administration of the Company have been contractually delegated to BFM as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BIM (UK) (the Investment Manager) The contractual arrangements with the Manager are summarised on pages 20 and 21 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 review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at every Board meeting In addition, a formal review is undertaken annually, details of which are set out on page 21 of the Directors' Report

The assets of the Company have been entrusted to the Depositary for safekeeping The Depositary is BNY Mellon Trustee and Depositary (UK) Limited The address at which the business is conducted is given on page 67

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager Details of the Investment Manager's voting policy are set out on pages 21 and 22

Committees of the Board

The Board has appointed a number of committees as set out below and on page 19 Copies of the terms of reference of each committee are available on request from the Company's registered office, on the BlackRock website at blackrock co uk/brci and at each Annual General Meeting

AUDIT AND MANAGEMENT ENGAGEMENT COMMITTEE

The Audit and Management Engagement Committee which is chaired by Michael Merton consists of all the Directors of the Company, except Mr Ruck Keene

Further details are provided in the Report of the Audit and Management Engagement Committee on pages 33 to 35

NOMINATION COMMITTEE

The Nomination Committee comprises all of the Directors except Mr Ruck Keene and is chaired by the Chairman of the Board The role of the Committee is to review Board structure, size and composition, the balance of knowledge, experience and skills range and to consider succession planning and tenure policy Appointments of new Directors will be made on a formalised basis, with the Committee agreeing the selection criteria and the method of selection, recruitment and appointment Board diversity, including gender, will be taken into account in establishing the criteria The services of an external search consultant, may be used to identify potential candidates The Committee meets at least once a year and more regularly if required

Remuneration Committee

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 26 to 28

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

INTERNAL CONTROLS

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

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

The Company's risk register sets out the risks relevant to the Company and describes, where relevant, the internal controls that are in place at the AIFM, the Investment Manager and other third party service providers to mitigate these risks The Audit and Management Engagement Committee (the Committee) formally review this register on a semi-annual basis and BFM as the Company's AIFM reports on any significant issues that have been identified in the period In addition, BlackRock's internal audit department report to the Committee on a semi-annual basis on the results of testing performed in relation to BlackRock's internal control processes The Depositary also reviews the control processes in place at the custodian, the fund accountant and the AIFM and reports formally to the Committee twice yearly Both the AIFM and the Depositary will escalate issues and report to the Committee outside of these meetings on an ad hoc basis to the extent this is required The Committee also receives annual and quarterly 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 to 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 Custodian

The Investment Manager prepares revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance The Board and the 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

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

FINANCIAL REPORTING

The Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 36, the Report of the Independent Auditor on pages 37 to 39 and the Statement of Going Concern on page 22

Corporate governance statement continued

SOCIALLY RESPONSIBLE INVESTMENT

Investment trusts do not employ staff and accordingly have no direct impact on social matters but can be significant investors in the economies of the regions in which they invest The Company invests primarily in the securities of companies operating in the mining and energy sectors around the world in a range of countries which having varying degrees of political and corporate governance standards The Investment Manager's evaluation procedures and financial analysis of the companies within the portfolio take into account environmental policies and other business issues The Company invests primarily on financial grounds to meet its stated objectives

The Manager is supportive of the UK Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies, and is voluntary and operates on a 'comply or explain basis' The Manager's approach to the UK Stewardship Code and policies on Socially Responsible Investment are detailed on the website at blackrock com/corporate/en-gb/about-us/responsible-investment/responsible-investment-reports

BRIBERY PREVENTION POLICY

The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence The Board has a zero tolerance policy towards bribery and a commitment to carry out business fairly, honestly and openly The Board takes its responsibility to prevent bribery very seriously The Manager has anti-bribery policies and procedures in place which are high level, proportionate and risk-based, which are periodically reviewed by the Board The Company's other 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

All shareholders have the opportunity to attend and vote at the AGM The Notice of Annual General Meeting, which is sent out at least 20 working days before the meeting sets out the business of the Meeting, any items not of a routine nature are explained in the Directors' Report on pages 23 and 24 Separate resolutions are proposed for substantive issues

In addition, regular updates on performance are available to shareholders and the Portfolio Managers will review the Company's portfolio and performance at the AGM, where the Directors, including the Chairman of the Board, the Chairman of the Audit and Management Engagement Committee, and representatives of the Manager are available to answer shareholders' questions Proxy voting figures will be announced to the shareholders at the AGM and will be made available on BlackRock's website shortly after the Meeting

The Company's willingness to enter into discussions with shareholders is demonstrated by 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 it also receives reports from its corporate broker

There is a section within this report entitled 'Additional Information – Shareholder Information' on pages 63 to 65, which provides an overview of useful information available to shareholders

The Company's financial statements, regular factsheets and other information are also published on the BlackRock website at blackrock co uk/brci 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 financial statements 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

DISCLOSURE AND TRANSPARENCY RULES

Other information required to be disclosed pursuant to the Disclosure and Transparency Rules has been placed in the Directors' Report on pages 20 to 25 because it is information which refers to events that have taken place during the course of the year

BY ORDER OF THE BOARD
ED WARNER
Chairman
2 February 2016

Report of the audit and management engagement committee

As Chairman of the Audit and Management Engagement Committee (the Committee) I am pleased to present the Committee's report to shareholders for the year ended 30 November 2015

COMPOSITION

All of the Directors, except Mr Ruck Keene, are members of the Committee The Chairman is a member to enable him to be fully informed of any issues which may arise

The Directors' biographies are given on page 19 and the Board considers that at least one member of the Committee has sufficient recent and relevant financial experience for the Committee to discharge its function effectively

ROLE AND RESPONSIBILITIES

During the year under review the Committee met three times Two of the three planned meetings were held prior to the Board meetings to approve the half yearly and annual results in July and January respectively The third meeting is held in December to start the report and accounts preparation process

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

Internal Controls, Financial Reporting and Risk Management Systems

- reviewing the adequacy and effectiveness of the Company's internal financial controls and the internal control and risk management systems
- reasonably satisfying itself that such systems meet relevant legal and regulatory requirements
- monitoring the integrity of the financial statements including the half yearly and annual report and 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 half yearly reports from the Depositary on its activities

Narrative reporting

- reviewing the content of the annual report and financial statements and advising the Board on whether taken as a whole it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy

External Audit

- making recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting (AGM) in relation to the appointment, reappointment and removal of the Company's external auditor,
- overseeing the relationship with the external auditor
- meeting with the auditor and at least once without management being present,
- reviewing and approving the annual audit plan,
- 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

Management engagement

- reviewing the management contract to ensure that the terms remain competitive,
- satisfying itself that the continuing appointment of the Manager is in the interests of shareholders as a whole and
- to consider the appointment or re-appointment of the Manager and the level of manage fees

Third party service providers

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

Reporting responsibilities

- reporting to the Board on its proceedings and how it has discharged its responsibilities making whatever recommendations it deems appropriate on any area within its remit and
- compiling a report on its activities to be included in the annual report and financial statements

Whistleblowing and fraud

- reviewing the adequacy and security of the 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

Internal audit

- considering the need for an internal audit function, as set out in the Corporate Governance Statement on page 31

The fees paid to the external auditor are set out in note 5 on pages 47 and 48 An explanation on how auditor objectivity and independence is safeguarded is reported under 'Assessment of the effectiveness of the external audit process' on page 35

WHISTLEBLOWING POLICY

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

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 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 Bank of New York Mellon (International) Limited, and the provision of depositary services is contracted to BNYMTD, the Committee has also reviewed the Service Organisation Control Reports (SOC 1) prepared by BlackRock, the Custodian and Fund Accountant This enables the Committee to ensure that the control procedures in place over the areas of risk identified in the following table are adequate and appropriate and have been designated as operating effectively by their reporting auditor

AUDITOR AND AUDIT TENURE

The appointment of the Auditor is reviewed each year and during the year the Company conducted a formal tender process for its external audit services The incumbent audit firm Ernst & Young LLP (EY) was asked to participate in the process along with three other firms EY had acted as the external Auditor since the Company's launch in 2005 The Committee therefore considered that it was an appropriate time to conduct a tender process in keeping with its commitment to best practices in corporate governance and reporting and also to conduct the exercise ahead of the implementation of the EU Audit Directive which will require the Company to put its audit out to tender every 10 years with mandatory rotation after 20 years Following presentations and interviews it was agreed that the re-appointment of EY was in the best interests of the Company

There are no contractual obligations that restrict the Company's choice of auditor There were no fees paid to the Auditor in respect of non-audit services during the year (2014 £6,250 (excluding VAT) relating to the review of the half yearly financial statements)

The Auditor has indicated its willingness to continue in office and resolutions proposing its reappointment and authorising the Audit and Management Engagement to determine its remuneration for the ensuing year will be proposed at the AGM

ASSESSMENT OF THE EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

To assess the effectiveness of the external audit, members of the Committee work closely with the Manager to obtain a good understanding of the quality and efficiency of the audit The

Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio	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 risk of misappropriation of assets and unsecured ownership of investments	The Depositary is responsible for financial restitution for the loss of financial investments held in custody The Depositary reports to the Committee twice a year The Committee reviews reports from its service providers on key controls over the assets of the Company Any significant issues are reported by the Manager to the Committee The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company s assets
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income	The Committee reviews income forecasts, including special dividends and receives explanations from the Investment Manager for any variations or significant movements from previous forecasts and prior year figures

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 Committee, the Manager and other third party service providers in an effective audit process,
- communication, by the Auditor, with the Committee
- how the Auditor supports the work of the Committee
- a review of independence and objectivity of the audit firm, and
- the quality of the formal audit report to shareholders

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

The external auditor is invited to attend the Committee meetings at which the half yearly and annual 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 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 Manager's approach to the value of the independent audit, 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 them a suitable supplier of the 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 such services On an annual basis, EY review the independence of their relationship with the Group and report 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 will include information on the rotation of audit partners and staff, the level of fees that the Group pays in proportion to the overall fee income of the firm, and the level of related fees, details of any relationships between the audit firm and its staff and the Group as well as an overall confirmation from the auditor of their independence and objectivity As a result of their review, the Committee has concluded that EY is independent of the Group and the Manager

CONCLUSIONS IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The production and the audit of the Group'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 including the verification process in place to deal with the factual content
- the extensive levels of review that are undertaken in the production process by the Manager, the Depositary and the Committee
- the Manager and other third party service provider controls to ensure the completeness and accuracy of the Group's financial records and the security of the Group's assets and
- the existence of satisfactory Service Organisation Control (SOC 1) reports to verify the effectiveness of the internal controls of the Manager, Custodian and Fund Accountants

The Committee has reviewed the annual report and financial statements and is satisfied that, taken as a whole, they are fair, balanced and understandable In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements on page 36

MICHAEL MERTON M Merton
Chairman
Audit and Management Engagement Committee
2 February 2016

Governance

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

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law, the Directors have elected to prepare the financial statements under IFRS as adopted by the European Union

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 Group and of the profit or loss of the Group for that period

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

- present fairly the financial position, financial performance and cash flows of the Group,
- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- make judgements and estimates that are reasonable and prudent
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements
- provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are also responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Report of the Audit and Management Engagement Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules The Directors have delegated responsibility to the Manager for the maintenance and integrity of the Group'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 page 19 confirm to the best of their knowledge that

- the financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and net return of the Group and
- the annual report and financial statements include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces

The 2014 UK Corporate Governance Code also requires Directors to ensure that the annual report and financial statements are fair, balanced and understandable In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the annual report and financial statements fulfils these requirements The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee's report on pages 33 to 35 As a result, the Board has concluded that the annual report and financial statements for the year ended 30 November 2015, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy

FOR AND ON BEHALF OF THE BOARD
ED WARNER
Chairman
2 February 2016

Financial statements

Independent Auditor's report to the members of BlackRock Commodities Income Investment Trust plc

OPINION ON FINANCIAL STATEMENTS

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 November 2015 and of the Group's loss for the year then ended,
- the Group financial statements have been properly prepared in accordance International Financial Reporting Standards as adopted by the European Union, and
- the Company financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation

WHAT WE HAVE AUDITED

We have audited the financial statements of BlackRock Commodities Income Investment Trust Plc for the year ended 30 November 2015, which comprise the Consolidated Statement of Comprehensive Income, the Group and Company Statements of Changes in Equity, the Group and Company Statements of Financial Position, the Group and Company Cash Flow Statements and the related notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 36, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's and Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas

Risk identified	Our response
The Groups investment income for the year amounted to £8 6m, of which £4 5m was from options premiums received through writing OTC Derivatives within the subsidiary The investment income receivable by the Group during the year directly drives the Companys ability to make dividend payments to shareholders If the Company is not entitled to receive the income recognised in the financial statements, or the income recognised does not relate to the current financial year this will impact the extent of profits available to fund distributions to shareholders Therefore, we have highlighted inaccurate income recognition of option premium income to be a significant risk	We performed the following procedures We agreed a sample of option premium income receipts to contracts and bank statements For these samples, we have agreed the exchange rate used to translate option premium income received in foreign currencies during the year To ensure completeness of option premium income we further obtained such supporting documentation mentioned above in relation to a sample of cut-off items to confirm that they were recorded in the correct accounting period
The investment portfolio at the year-end comprised of quoted securities and Over-the-counter derivatives (OTC Derivatives) The valuation of the assets held in the investment portfolio is the key driver of the Groups investment return Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders	We performed the following procedures We assessed the controls in place at the accounting administrator BNY Mellon, to confirm there were no significant exceptions in security pricing or position reconciliations We agreed all the year-end prices of the investments to an independent source We agreed the number of shares held for each security to confirmations of legal title received from the Groups custodian Bank of New York Mellon (International) Limited and third party evidence

OUR APPLICATION OF MATERIALITY

We determined planning materiality for the Company to be £694,000 (2014 £967,000), which is 1% of total equity This provided a basis for determining the nature, timing and extent of our risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures We have derived our materiality calculation based on a proportion of total equity as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that overall performance materiality (i e our tolerance for misstatement in an individual account or balance) for the Company should be 75% of planning materiality, namely £521,000 (2014 £725,000) Our objective in adopting this approach was to ensure that total undetected and uncorrected audit differences in all accounts did not exceed our planning materiality level

Given the importance of the distinction between revenue and capital for the Company we have also applied a separate testing threshold of £400,000 (2014 £349,000) for the revenue column of the Statement of Comprehensive Income, being 5% of the return on ordinary activities before taxation

We have reported to the Audit Committee all audit differences in excess of £35,000 (2014 £48,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds

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

OPINION ON OTHER MATTER 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, and
- 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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is

- materially inconsistent with the information in the audited financial statements, or

- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit, or
- is otherwise misleading

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed

We have nothing material to add or draw attention to in relation to

(a) the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity,

(b) the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated,

(c) the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements, and

(d) the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions

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

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

Under the Listing Rules we are required to review

- the directors' statement in relation to going concern, set out on page 22 and longer-term viability, set out on page 10, and
- the 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

Susan J Dawe

Susan Dawe (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
2 February 2016

Notes

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

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

Financial statements

Consolidated statement of comprehensive income for the year ended 30 November 2015

	Notes	Revenue 2015 £'000	Revenue 2014 £'000	Capital 2015 £'000	Capital 2014 £'000	Total 2015 £'000	Total 2014 £'000
Losses on investments held at fair value through profit or loss	10	–	–	(34,867)	(13,859)	(34,867)	(13,859)
Income from investments held at fair value through profit or loss	3	4,027	4,519	–	–	4,027	4,519
Other income	3	4,541	3,122	–	–	4 541	3 122
Total income		8,568	7,641	(34,867)	(13,859)	(26,299)	(6 218)
Expenses							
Investment management fees	4	(220)	(314)	(661)	(941)	(881)	(1 255)
Other operating expenses	5	(333)	(313)	(3)	(6)	(336)	(319)
Total operating expenses		(553)	(627)	(664)	(947)	(1,217)	(1 574)
Profit/(loss) on ordinary activities before finance costs and taxation		8 015	7014	(35 531)	(14 806)	(27,516)	(7,792)
Finance costs	6	(24)	(44)	(33)	(100)	(57)	(144)
Profit/(loss) before taxation		7,991	6,970	(35,564)	(14,906)	(27,573)	(7 936)
Taxation	7	(1 051)	(745)	–	–	(1,051)	(745)
Net profit/(loss) on ordinary activities after taxation		6,940	6 225	(35,564)	(14,906)	(28 624)	(8,681)
Earnings/(loss) per ordinary share	9	6 32p	6 20p	(32 37p)	(14 85p)	(26 05p)	(8 65p)

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies (AIC) All items in the above statement derive from continuing operations No operations were acquired or discontinued during the year All income is attributable to the equity holders of BlackRock Commodities Income Investment Trust plc There were no minority interests

The total net loss of the Company and the Group for the year was £28,624,000 (2014 loss of £8,681,000)

The Group does not have any other recognised gains or losses The net profit/(loss) disclosed above represents the Groups total comprehensive income/(loss)

The notes on pages 44 to 62 form part of these financial statements

Financial statements

Statements of changes in equity for the year ended 30 November 2015

Group	Notes	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 30 November 2015							
At 30 November 2014		1,052	37003	71 223	(15 981)	3,399	96,696
Total comprehensive income							
Net (loss)/profit for the year		–	–	–	(35,564)	6,940	(28,624)
Transaction with owners recorded directly to equity		–	–	–	–	–	–
Shares issued	14 & 15	104	7,982	–	–	–	8,086
Share issue costs and fees	15 & 16	–	(148)	–	–	–	(148)
Dividends paid	8	–	–	–	–	(6,580)	(6,580)
At 30 November 2015		1,156	44,837	71,223	(51 545)	3 759	69,430
For the year ended 30 November 2014							
At 30 November 2013		963	27,584	71 223	(1 075)	3 135	101,830
Total comprehensive income							
Net (loss)/profit for the year		–	–	–	(14,906)	6 225	(8 681)
Transaction with owners, recorded directly to equity		–	–	–	–	–	–
Shares issued	14 & 15	89	9,437	–	–	–	9,526
Share issue costs	15	–	(18)	–	–	–	(18)
Dividends paid	8	–	–	–	–	(5 961)	(5 961)
At 30 November 2014		1,052	37,003	71,223	(15,981)	3,399	96,696

Company	Notes	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 30 November 2015							
At 30 November 2014		1,052	37,003	71,223	(14,675)	2,093	96,696
Total comprehensive income							
Net (loss)/profit for the year		–	–	–	(35,326)	6,702	(28,624)
Transaction with owners, recorded directly to equity		–	–	–	–	–	–
Shares issued	14 & 15	104	7,982	–	–	–	8 086
Share issue costs and fees	15 & 16	–	(148)	–	–	–	(148)
Dividends paid	8	–	–	–	–	(6,580)	(6,580)
At 30 November 2015		1,156	44 837	71 223	(50 001)	2 215	69 430
For the year ended 30 November 2014							
At 30 November 2013		963	27,584	71,223	326	1734	101,830
Total comprehensive income							
Net (loss)/profit for the year		–	–	–	(15,001)	6,320	(8,681)
Transaction with owners, recorded directly to equity		–	–	–	–	–	–
Shares issued	14 & 15	89	9 437	–	–	–	9,526
Share issue costs	15	–	(18)	–	–	–	(18)
Dividends paid	8	–	–	–	–	(5 961)	(5 961)
At 30 November 2014		1,052	37,003	71,223	(14,675)	2,093	96 696

The notes on pages 44 to 62 form part of these financial statements

Financial statements

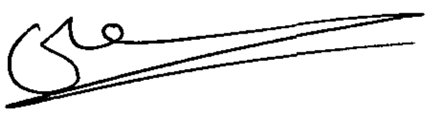
Statements of financial position as at 30 November 2015

	Notes	2015 Group £'000	2015 Company £'000	2014 Group £'000	2014 Company £'000
Non current assets					
Investments designated as held at fair value through profit or loss	10	69,610	71154	99 054	100,360
Current assets					
Other receivables	12	455	455	1127	1,127
Collateral pledged with brokers		1,312	–	1,804	–
Cash and cash equivalents		2,935	–	776	776
		4,702	455	3,707	1 903
		74,312	71,609	102,761	102,263
Current liabilities					
Other payables	13	(1,170)	(754)	(1 908)	(1,530)
Derivative financial liabilities held at fair value through profit or loss	10	(623)	(623)	(481)	(481)
Bank overdraft		(3,089)	(802)	(3 676)	(3,556)
		(4,882)	(2,179)	(6,065)	(5,567)
		(180)	(1 724)	(2,358)	(3,664)
Net assets		69,430	69,430	96 696	96,696
Equity attributable to equity holders					
Ordinary share capital	14	1,156	1,156	1,052	1,052
Share premium account	15	44 837	44 837	37,003	37,003
Special reserve	16	71 223	71,223	71,223	71,223
Capital reserves	16	(51,545)	(50,001)	(15,981)	(14 675)
Revenue reserve	16	3,759	2,215	3,399	2 093
Total equity		69 430	69 430	96,696	96,696
Net asset value per ordinary share	9	60 08p	60 08p	91 95p	91 95p

The financial statements on pages 40 to 62 were approved and authorised for issue by the Board of Directors on 2 February 2016 and signed on its behalf by Ed Warner, Chairman

BlackRock Commodities Income Investment Trust plc

Registered in England, No 5612963



The notes on pages 44 to 62 form part of these financial statements

Financial statements

Cash flow statements for the year ended 30 November 2015

	2015 Group £'000	2015 Company £'000	2014 Group £'000	2014 Company £'000
Operating activities				
Loss before taxation	(27,573)	(28 312)	(7,936)	(8,314)
Add back interest paid	57	44	153	142
Losses on investments held at fair value through profit or loss including transaction costs	34 867	34,629	13,859	13,954
(Increase)/decrease in other receivables	(69)	(69)	16	16
(Decrease)/increase in other payables	(3)	(3)	9	9
Decrease in amounts due from brokers	741	741	2 497	2,497
Decrease in amounts due to brokers	(806)	(806)	–	–
Movement in collateral pledged in respect of derivatives	492	–	(320)	–
Movements in investments held at fair value through profit or loss	(5 287)	(5,287)	(4,974)	(4,974)
Net cash inflow from operating activities before interest and taxation	2,419	937	3,304	3,330
Interest paid	(57)	(44)	(153)	(142)
Taxation paid	(701)	–	(164)	–
Taxation on investment income included within gross income	(312)	(312)	(380)	(380)
Net cash inflow from operating activities	1,349	581	2,607	2,808
Financing activities				
Share issue costs and fees paid	(116)	(116)	(18)	(18)
Proceeds from shares issued	8 086	8 086	10 610	10,610
Equity dividends paid	(6,580)	(6,580)	(5,961)	(5,961)
Net cash inflow from financing activities	1 390	1 390	4 631	4,631
Increase in cash and cash equivalents	2,739	1,971	7,238	7,439
Cash and cash equivalents at start of the year	(2,900)	(2,780)	(10,103)	(10,184)
Effect of foreign exchange rate changes	7	7	(35)	(35)
Cash and cash equivalents at end of year	(154)	(802)	(2,900)	(2,780)
Comprised of				
Cash and cash equivalents	2,935	–	776	776
Bank overdraft	(3,089)	(802)	(3,676)	(3,556)
	(154)	(802)	(2,900)	(2,780)

The notes on pages 44 to 62 form part of these financial statements

Financial statements

Notes to the financial statements

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 The Company was incorporated on 4 November 2005 and this is the tenth annual report

2. ACCOUNTING POLICIES

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

(a) Basis of preparation

The Group and Parent Company financial statements have been prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006 The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual Statement of Comprehensive Income and related notes All of the Group's operations are of a continuing nature

The Group's financial statements are presented in Sterling, which is the currency of the primary economic environment in which the Group operates All values are rounded to the nearest thousand pounds (£'000) except when otherwise stated

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts, issued by the AIC in January 2009, is compatible with IFRS, the financial statements have been prepared in accordance with guidance set out in the SORP

The Group has adopted IFRS 10 – Consolidated Financial Statements Investment Entities amendments (effective 1 January 2014) which establishes a single control model that applies to all entities including special purpose entities The changes introduced by the Investment Entities amendments require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent The Directors, having assessed the criteria, believe the parent company meets the criteria to be an investment entity under IFRS 10 and that this accounting treatment reflects the Company's activities as an investment trust Therefore any investments in subsidiaries may be carried at fair value through profit and loss in accordance with IAS 39 However, the principal activity of the subsidiary, BlackRock Commodities Securities Income Company Limited (which is controlled by the Company), is investment dealing activities and option writing and therefore this entity is considered to provide investment related services to the Company and is required to be consolidated under the Investment Entities amendment

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 December 2014, and have not been applied in preparing these financial statements (major changes and new standards issued detailed below) None of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Company

IFRS 9 Financial Instruments (2014) replaces IAS 39 and deals with a package of improvements including principally a revised model for classification and measurement of financial instruments, a forward looking expected loss impairment model and a revised framework for hedge accounting In terms of classification and measurement the revised standard is principles based depending on the business model and nature of cash flows Under this approach instruments are measured at either amortised cost or fair value, though the standard retains the fair value option allowing designation of debt instruments at initial recognition to be measured at fair value The standard is effective from 1 January 2018 with earlier application permitted but has not yet been endorsed by the European Commission The Company does not plan to early adopt this standard

IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016) allows first time IFRS adopters to continue to account for 'regulatory deferral account balances' in accordance with previous GAAP The Company has no such accounts and, therefore, the provisions of this standard are not applicable

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) specifies how and when an entity should recognise revenue and enhances the nature of revenue disclosures Given the nature of the Company's revenue streams from financial instruments, the provisions of this standard are not expected to be applicable

Amendments to IFRS 10, IFRS 12 and IAS 28 (amendments to IFRS 12 are effective 1 January 2016, a date is to be determined for IFRS 10 and IFRS 28) are in relation to further applying the consolidation exception for investment entities Consolidated financial statements are prepared and the provisions of these amendments are applicable However, these changes have no material impact

Amendments to IAS 1 (effective 1 January 2016) require changes to the presentation of financial instruments The amendments are not expected to have a significant effect on the measurement of amounts recognised in the financial statements of the Company

(b) Basis of consolidation

The Group's financial statements are made up to 30 November each year and consolidate the financial statements of the Company and its wholly owned subsidiary, which is registered and operates in England and Wales, BlackRock Commodities Securities Income Company Limited

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases The financial statements of subsidiaries used in the preparation of the consolidated financial statements are based on consistent accounting policies All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated

(c) Presentation of the Statement of Comprehensive Income

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

(d) Segmental reporting

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

(e) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis Where no ex-dividend date is available dividends receivable on or before the period end are treated as revenue for the year Provision is made for any dividends not expected to be received Special dividends, if any, are treated as a capital or a revenue receipt depending on the facts or circumstances of each particular case The return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security Interest income is accounted for on an accruals basis

Option premium income is recorded in the subsidiary and is recognised as revenue evenly over the life of the option contract It is included in the revenue column of the Statement of Comprehensive Income unless the option has been written for the maintenance and enhancement of the Company's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premia arising are allocated to the capital column of the Statement of Comprehensive Income Written options are marked to market and the gain or loss is taken to capital of the parent company Where options are exercised the loss is taken to capital of the parent company

(f) Expenses

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

- expenses which are incidental to the acquisition or sale of an investment are charged to capital Details of transaction costs on the purchases and sales of investments are disclosed in note 10 on pages 50 and 51,
- 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 fees and finance costs of borrowing borne by the Company have been allocated 75% to the capital column and 25% to the revenue column of the Consolidated Statement of Comprehensive Income in line with the Board's expectations of the long term split of returns, in the form of capital gains and income, respectively, from the investment portfolio

(g) Taxation

The Group accounts do not reflect any adjustment for group relief between the Company and the Subsidiary

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 period Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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 Group's liabilities for current tax are calculated using tax rates that were applicable at the balance sheet date

Where expenses are allocated between capital and revenue any tax relief in respect of the expenses is allocated between capital and revenue returns on the marginal basis using the Company's effective rate of corporation taxation for the accounting period

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more taxation in the future or right to pay less taxation in the future have occurred at the financial reporting date This is subject to deferred taxation assets only being

2. ACCOUNTING POLICIES continued

recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted Deferred taxation assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise

(h) Investments held at fair value through profit or loss

The Company's investments are classified as held at fair value through profit or loss in accordance with IAS 39 – "Financial Instruments Recognition and Measurement" and are managed and evaluated on a fair value basis in accordance with its investment strategy

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

The fair value of the financial instruments is based on their quoted bid price or as otherwise stated at the financial reporting date, without the deduction for any estimated future selling costs Unquoted investments are valued by the Directors at fair value using International Private Equity and Venture Capital Association Guidelines This policy applies to all current and non-current asset investments held by the Group

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

Under IFRS, the investment in the trading subsidiary is carried at fair value

(i) Derivatives

Derivatives are classified as 'held for trading' and are held at fair value based on the bid/offer prices of the options written to which the Group is exposed The value of the option is subsequently marked to market to reflect the fair value of the option based on traded prices Where the premium is taken to revenue, an appropriate amount is shown as capital return such that the total return reflects the overall change in the fair value of the option When an option is closed out or exercised the gain or loss is accounted for as a capital gain or loss

(j) Other receivables and other payables

Other receivables and other payables do not carry any interest and are short term in nature and are accordingly stated at their nominal value

(k) Dividends payable

Under IFRS special and interim dividends are recognised when paid to shareholders Final dividends, if any, are only recognised after they have been approved by shareholders

(l) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction

Foreign currency monetary assets and liabilities are translated into sterling at the rate ruling on the financial reporting date Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income as a revenue or capital item depending on the income or expense to which they relate

(m) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits net of bank overdrafts payable on demand Cash equivalents are 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

In the Cash Flow Statement within the Annual Report and Financial Statements for the year ended 30 November 2015, cash held on margin deposit with brokers and collateral received in respect of written call options are shown as a receivable from and payable to the broker and does not form part of cash and cash equivalents in the Cash Flow Statement The comparative numbers in the Cash Flow Statement have been updated to reclassify these amounts from cash and cash equivalents to receivables and payables

(n) Bank borrowings

Bank overdrafts are recorded as the proceeds received Finance charges are accounted for on an accruals basis in the Consolidated Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instruments to the extent that they are not settled in the period in which they arise

3 INCOME

	2015 £'000	2014 £'000
Investment Income		
Overseas listed dividends	2,422	3,484
Fixed interest	375	212
UK listed dividends	1,230	823
	4 027	4 519
Other income		
Deposit interest	3	29
Option premium income	4,538	3,093
	4,541	3,122
Total	8 568	7 641

Option premium income is stated after commission expenses incurred on transactions

During the year the Group received option premium income totalling £4,538,000 (2014 £3,093,000) for writing put/call options for the purposes of revenue generation which were taken to income At 30 November 2015, there were 12 (2014 11) open positions with an associated liability of £623,000 (2014 £481,000)

4 INVESTMENT MANAGEMENT FEES

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	220	661	881	314	941	1,255

Until 30 November 2015, the investment management fee was levied at a rate of 1 10% of gross assets per annum based on the gross assets on the last day of each quarter and was allocated 25% to the revenue column and 75% to the capital column of the Consolidated Statement of Comprehensive Income

In December 2015, the Board announced that the Company and the Manager had agreed a reduction to the fees payable to the Manager under the Investment Management Agreement Effective 1 December 2015, the existing management fee of 1 10% of gross assets per annum was replaced with a management fee of 0 95% of the Company's gross assets per annum reducing to 0 90% per annum for gross assets in excess of £250 million

5. OTHER OPERATING EXPENSES

	2015 £'000	2014 £'000
Custody and depositary fees	15	10
Auditors' remuneration		
– audit services	25	25
– other services	-	6
Directors emoluments	89	90
Registrar s fee	22	29
Marketing fees	22	32
Other administration costs	160	121
	333	313
Transaction charges – capital	3	6
	336	319
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, excluding any finance costs and excluding taxation, were	1 4%	1 5%
The Companys ongoing charges calculated as a percentage of average net assets and using expenses, including any finance costs and taxation, were	2 7%	2 4%

Financial statements

Notes to the financial statements continued

5. OTHER OPERATING EXPENSES continued

There were no other fees paid to the Auditor for non-audit services (2014 £6,250, excluding VAT which related to the review of the half yearly financial statements)

Details of the Directors' emoluments are given in the Directors' Remuneration Report on page 27

6. FINANCE COSTS

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank overdrafts	24	33	57	44	100	144

Finance costs for the Company are charged 25% to the revenue column and 75% to the capital column of the Consolidated Statement of Comprehensive Income Subsidiary finance costs are charged 100% to the revenue column of the Consolidated Statement of Comprehensive Income

7. TAXATION

a) Analysis of charge in year

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current taxation						
Corporation taxation	739	–	739	378	–	378
Overseas taxation	312	–	312	367	–	367
Total taxation charge (note 7b)	1,051	–	1,051	745	–	745

The AIC SORP states that any tax relief obtained on expenses should be allocated between capital and revenue on the assumption that expenses charged to revenue are matched first against taxable revenue items Tax relief is only reflected in capital to the extent that 'additional' expenses are utilised from capital to reduce or eliminate the Investment Company's tax liability The amount of tax relief on such expenses should be the amount of corporation tax, or additional corporation tax, that would have been payable were it not for the existence of these 'additional' expenses

In accordance with the HMRC taxation structure for the Group, the Company surrenders its excess management expenses to the subsidiary in order to reduce the taxation calculated on a standalone basis for the subsidiary As Group relief is not charged between the Company and subsidiary, the group accounts do not include any allocation of tax relief between capital and revenue as the substance of any such transfer within the group accounts would be a payment for group relief which is an inter-group transaction that is eliminated on consolidation Consequently the consolidated accounts do not reflect the marginal basis of taxation allocation as recommended by the SORP The Board consider that including this adjustment would result in a misleading consolidated earnings per share figure

Had the recommended approach within the SORP been adopted, the Company's consolidated tax charge to the revenue column of the Consolidated Statement of Comprehensive Income would have been increased by £141,000 (2014 £227,000) and this would have been offset by a credit to the tax charge in the capital column of the same primary statement for the same amount, resulting in a nil impact on the tax charge in the total column of the Consolidated Statement of Comprehensive Income There would have been no impact on either the parent company or the subsidiary company accounts

£694,000 management expenses accounted for through the capital column of the income statement has been surrendered to the subsidiary for the year ended 30 November 2015 (2014 £1,049,000) In accordance with the Company's accounting policy transfer has been made for group tax relief between the Company and its subsidiary

b) Factors affecting total taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a large company of 20 33% (2014 21 66%) The differences are explained below

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Total profit/(loss) on ordinary activities before taxation	7,991	(35,564)	(27 573)	6 970	(14,906)	(7,936)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax 20 33% (2014 21 66%)	1,625	(7,231)	(5,606)	1 511	(3,230)	(1,719)
Effects of						
Taxation effect of allowable expenses in capital	(141)	141	–	(227)	227	–
Non taxable capital loss	–	7,089	7,089	–	3,002	3 002
Non taxable UK dividends	(250)	–	(250)	(178)	–	(178)
Non taxable overseas dividends	(495)	–	(495)	(723)	–	(723)
Disallowed expenses	–	1	1	–	1	1
Expenses relief for overseas taxation	–	–	–	(5)	–	(5)
Overseas taxation charge	312	–	312	367	–	367
	(574)	7,231	6,657	(766)	3 230	2,464
Total taxation charge for the year (note 7(a))	1,051	–	1 051	745	–	745

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 for taxation on any capital gains or losses arising on the disposal of investments

Investment trusts are exempt from corporation tax on capital gains provided the company obtains agreement from HM Revenue and Customs that tests under section 1158 of the Corporation Tax Act 2010 have been met

8. DIVIDENDS

The dividends disclosed in the table below have been considered in view of the requirements of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amounts declared meet the relevant requirements Amounts recognised as distributions to ordinary shareholders during the year to 30 November 2015 were as follows

	2015 £'000	2014 £'000
Fourth interim dividend for the year ended 30 November 2014 – 1 5375p (2013 1 5250p)	1,617	1,468
First interim dividend for the year ended 30 November 2015 – 1 5000p (2014 1 4875p)	1,603	1 482
Second interim dividend for the year ended 30 November 2015 – 1 5000p (2014 1 4875p)	1,641	1 502
Third interim dividend for the year ended 30 November 2015 – 1 5000p (2014 1 4875p)	1,719	1,509
	6,580	5,961

For the year ended 30 November 2015, a fourth interim dividend of 1 5000p (2014 1 5375p) per ordinary share has been declared and was paid on 22 January 2016, to shareholders on the Company's register on 29 December 2015

The total dividends payable in respect of the year which form the basis of section 1158 of the Corporation Tax Act 2010 are set out below

	2015 £'000	2014 £'000
First interim dividend paid on 21 April 2015 of 1 5000p (2014 1 4875p)	1 603	1,482
Second interim dividend paid on 24 July 2015 of 1 5000p (2014 1 4875p)	1,641	1 502
Third interim dividend paid on 23 October 2015 of 1 5000p (2014 1 4875p)	1,719	1,509
Fourth interim dividend payable on 22 January 2016 of 1 5000p (2014 1 5375p)	1,734	1,617
	6,697	6,110

9. CONSOLIDATED EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

	2015	2014
Net revenue profit attributable to ordinary shareholders (£ 000)	6,940	6,225
Net capital loss attributable to ordinary shareholders (£ 000)	(35,564)	(14 906)
Total loss attributable to ordinary shareholders (£ 000)	(28 624)	(8 681)
Equity shareholders funds (£'000)	69,430	96,696
The weighted average number of ordinary shares in issue during the period, on which the return per ordinary share was calculated was	109 870,544	100,393 478
The actual number of ordinary shares in issue at the year end on which the net asset value was calculated, was	115,568,000	105,158,000
The number of ordinary shares in issue including treasury shares at the year end was	115 568 000	105,158 000
Revenue return per share	6 32p	6 20p
Capital loss per share	(32 37p)	(14 85p)
Total loss per share	(26 05p)	(8 65p)
Net asset value per share	60 08p	91 95p
Share price (mid-market)	59 75p	99 00p

10. INVESTMENTS

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Quoted investments held at fair value through profit or loss	69 610	69 610	99,054	99,054
Derivative financial instruments – written options	(623)	(623)	(481)	(481)
Investment in subsidiary held at fair value through profit or loss[1]	–	1,544	–	1 306
	68,987	70,531	98,573	99,879
Valuation brought forward	98,573	99 879	107,423	108,824
Investment holding losses at 1 December	10 963	9 657	11,924	10,523
Opening cost of investments	109,536	109,536	119,347	119 347
Additions at cost	53 579	53 579	56 460	56 460
Disposals	(48 292)	(48,292)	(51,486)	(51,486)
Realised losses	(18,131)	(18,131)	(14 785)	(14 785)
Cost carried forward	96 692	96,692	109,536	109,536
Investment holding losses at 30 November	(27,705)	(26,161)	(10 963)	(9,657)
Closing valuation of investments	68 987	70,531	98,573	99,879

1 Relates to wholly owned subsidiary BlackRock Commodities Security Income Company Limited

In the Statements of Financial Position investments has been further analysed between financial assets and liabilities Accordingly, derivative financial instruments has been included in current liabilities

Transaction costs of £195,000 (2014 £117,000) were incurred on the acquisition of investments Costs relating to the disposal of investments during the year amounted to £99,000 (2014 £78,000) All transaction costs have been included within the capital reserves

Losses on investments held at fair value through profit or loss

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Realised losses on sales	(18 131)	(18,131)	(14,785)	(14,785)
Movement in investment holding losses	(16,742)	(16,504)	961	866
Exchange losses on foreign currency transactions	6	6	(35)	(35)
	(34,867)	(34,629)	(13,859)	(13,954)

11. INVESTMENT IN SUBSIDIARY

At 30 November 2015, the Company had one wholly owned subsidiary which is registered and operating in England and Wales and has been included in the consolidated financial statements BlackRock Commodities Securities Income Company Limited was incorporated on 9 November 2005 There are no non-controlling interests in the subsidiary

The principal activities of the subsidiary, BlackRock Commodities Securities Income Company Limited, are investment dealing and option writing

	Description of ordinary shares	Authorised and issued share capital 2015	2014
BlackRock Commodities Securities Income Company Limited	Ordinary shares of £1	£1	£1

12. OTHER RECEIVABLES

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Amount due from brokers	–	–	741	741
Taxation recoverable	116	116	113	113
Prepayments and accrued income	339	339	273	273
	455	455	1 127	1 127

13. OTHER PAYABLES

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Amount due to brokers	–	–	806	806
Corporation tax payable	416	–	378	–
Accrued expenditure	754	754	724	724
	1,170	754	1 908	1,530

Notes to the financial statements continued

14. SHARE CAPITAL

	Ordinary shares number	Total shares number	Nominal value £'000
Allotted, called up and fully paid share capital comprised			
Ordinary shares of 1 pence each			
Shares in issue at 30 November 2014	105,158,000	105 158,000	1 052
Shares issued	10,410,000	10,410,000	104
At 30 November 2015	115,568,000	115,568,000	1,156

The number of ordinary shares in issue at the year end was 115,568,000 (2014 105,158,000) of which none were held in treasury (2014 nil)

During the year 10,410,000 (2014 8,900,000) shares were issued for a total consideration of £8,086,000 (2014 £9,526,000) before deduction of issue costs Since 30 November 2015, and up to the close of business on 1 February 2016, a further 250,000 shares have been issued for a total consideration of 135,000 before the deduction of issue costs

The ordinary shares carry the right to receive any dividends and have one voting right per ordinary share There are no restrictions on the voting rights of the ordinary shares or on the transfer of the ordinary shares

15. SHARE PREMIUM ACCOUNT

	2015 £'000	2014 £'000
At start of the year	37,003	27,584
Premium on shares issued	7,982	9,437
Share issue costs and fees	(148)	(18)
At 30 November 2015	44,837	37,003

16. RESERVES

Group	Special reserve £'000	Capital reserve – arising on investments sold £'000	Capital reserve – arising on investments held £'000	Revenue reserve £'000
At 1 December 2014	71,223	(5 018)	(10,963)	3 399
Movement during the year				
Net (loss)/profit for the year	–	(18,822)	(16,742)	6,940
Dividends paid	–	–	–	(6 580)
At 30 November 2015	71,223	(23,840)	(27,705)	3 759

Company	Special reserve £'000	Capital reserve – arising on investments sold £'000	Capital reserve – arising on investments held £'000	Revenue reserve £'000
At 1 December 2014	71 223	(5,018)	(9,657)	2,093
Movement during the year				
Net (loss)/profit for the year	–	(18,822)	(16,504)	6,702
Dividends paid	–	–	–	(6,580)
At 30 November 2015	71 223	(23,840)	(26,161)	2 215

17. RISK MANAGEMENT POLICIES AND PROCEDURES

The Group's investment activities expose it to various types of risks which are associated with the financial instruments and markets in which it invests The following information is not intended to be a comprehensive summary of all risks and shareholders should refer to the Alternative Investment Fund Managers Directive Fund 3 2 2R Disclosures which can be found at blackrock co uk/brci for a more detailed discussion of the risks inherent in investing in the Company

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 29 to 32 and in the Statement of Directors' Responsibilities on page 36, it is the ultimate responsibility of the Board to ensure that the Group'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

Risk management framework

The Directors of the Alternative Investment Fund Manager (AIFM) review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Group'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 Group is managed within the terms of its investment guidelines and limits set out in the Alternative Investment Fund Managers' Directive Fund 3 2 2R Disclosures which can be found at blackrock co uk/brci

The AIFM is responsible for the investment performance, product risk monitoring and oversight and has the responsibility for the monitoring and oversight of regulatory and operational risk for the Group The Directors of the AIFM have appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group ("RQA") which is a centralised group which performs an independent risk management function RQA independently identifies, measures and monitors investment risk and monitors the risk management practices being deployed across the Group RQA has the ability to determine if the appropriate risk management processes are in place across the Group including 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 Board at each meeting on key risk metrics and risk management processes In addition, the Depositary monitors the performance of the AIFM and reports to the Audit & Management Engagement Committee at each meeting Any issues are reported to the Board on an ad hoc basis as they arise

Risk exposures

The risk exposures of the Group 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 Group may suffer through holding market positions in financial instruments in the face of market movements

Value at Risk (VaR) is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis In the Annual Report and Financial Statements for the year ended 30 November 2014, VaR was calculated with reference to the analytical parametric model With effect from 1 September 2015 the adjusted historical simulation model replaced the analytical parametric model in the calculation of VaR and has therefore been used in these financial statements The risk profile of the Company has not changed although the values generated by the historical simulation model are lower than those previously generated by the analytical parametric model

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 month (20 days) and a historical observation period of not less than 1 year (250 days) A VaR number is defined at a specified probability and a specified time horizon A 99% 1 month VaR means that the expectation is that 99% of the time over a 1 month period the Fund 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 amounts These limitations and the nature of the VaR measure mean that the Group 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

17. RISK MANAGEMENT POLICIES AND PROCEDURES continued

The one-month VaR as of 30 November 2015 and 30 November 2014 (based on a 99% confidence level) was 4 07% and 2 34%, respectively

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

The Group is exposed to market price risk arising from its equity investments, fixed interest investments and written options The movements in the prices of these investments result in movements in the performance of the Group

Management of other price risk

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

(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 Group's monetary items which have foreign currency exposure at 30 November 2015 and 30 November 2014 are shown below Where the Group'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

2015	Canadian Dollar £'000	US Dollar £'000	Euro £'000	Other £'000
Cash at bank	852	1 705	21	357
Receivables (due from brokers, dividends and other income receivable)	19	213	19	97
Total foreign currency exposure on net monetary items	871	1 918	40	454
Investments at fair value through profit or loss	9,719	33,464	3,562	5,518
Total net foreign currency exposure	10 590	35,382	3 602	5 972

2014	Canadian Dollar £'000	US Dollar £'000	Euro £'000	Other £'000
Cash at bank	159	83	–	534
Receivables (due from brokers dividends and other income receivable)	34	901	15	130
Payables	(806)	–	–	–
Total foreign currency exposure on net monetary items	(613)	984	15	664
Investments at fair value through profit or loss	17,838	43,448	8,614	8,232
Total net foreign currency exposure	17,225	44,432	8 629	8,896

Management of foreign currency risk

The Investment Manager monitors the Group's exposure to foreign currencies on a daily basis and reports to the Board of the Group on a regular basis

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

The Group 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 Group 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 Group'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 or future cash flows of a financial instrument will fluctuate because of changes in market interest rates

The Group is exposed to interest rate risk specifically through its cash holdings, fixed interest investments and its borrowing facility for investment purposes Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section

Interest rate exposure

The exposure at 30 November 2015 and 30 November 2014 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
- fixed interest rates – when the financial instrument is due for repayment

	2015			2014		
	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						
Bank overdraft	(3 089)	–	(3,089)	(3,676)	–	(3,676)
Collateral pledged with brokers	1,312	–	1,312	1 804	–	1,804
Cash at bank	2,935	–	2,935	776	–	776
Exposure to fixed interest rates						
Fixed interest investments	–	4,430	4,430	–	1,815	1,815
Total exposure to interest rates	1,158	4,430	5,588	(1,096)	1 815	719

Interest rates received on cash balances or paid on bank overdrafts in Sterling, respectively, is approximately 0 15% and 1 48% per annum (2014 0 15% and 1 47% per annum)

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 overdraft facility

The Group finances part of its activities through borrowings at levels approved and monitored by the Board of the Company The Group, generally, does not hold significant balances, with short term borrowings being used when required Derivative contracts are not used to hedge against the exposure to interest rate risk

b) Counterparty credit risk

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

The Group 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 Group arises from transactions to purchase or sell investments and through option writing transactions on equity investments held within the portfolio

17. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Credit Risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk team 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 BlackRock RQA Counterparty & Concentration Risk team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures and the collateral management process

There were no past or impaired assets as of 30 November 2015 (30 November 2014 nil)

The major counterparties engaged with the Company are all widely recognised and regulated entities

Depositary

The Company's Depositary is BNY Mellon Trust & Depositary (UK) Limited (the 'Depositary') (Moody's long term credit rating as at 30 September 2015 Aa2) All of the equity and debt investments and cash of the Company are held within the custodial network of the Depositary Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to its investments held by the Depositary to be delayed or limited The maximum exposure to this risk at 30 November 2015 is the total value of equity and debt investments held with the Depositary and cash and cash equivalents in the Statement of Financial Position

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

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 broker used The Group monitors the credit rating and financial position of the broker used to further mitigate this risk

Cash held as security by the counterparty to financial derivative contracts is subject to the credit risk of the counterparty The following table details the total number of counterparties to which the Group is exposed, the maximum exposure to any one counterparty, the collateral held by the Group 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* £'000	Collateral held* £'000	Total exposure to all other counterparties* £'000	Lowest credit rating of any one counterparty
2015	2	543	1 312	80	A1
2014	3	1,804	–	1,517	A1

* Calculated on a net basis

The Group may also be exposed to counterparty risk should there be any rehypothecation of pledged collateral Rehypothecation refers to the practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by their clients, clients who permit rehypothecation of their collateral may be compensated either through a lower cost of borrowing or a rebate on fees Collateral is received/paid where the client service agreement states that there should be collateral movements agreed with the counterparty, where there is a requirement for a mark-to-market process or collateralisation to ensure that the Group is protected against any counterparty default

Over-the-counter (OTC) financial derivative instruments

The Group may write both exchange traded and over-the-counter option contracts as part of its investment policy for securities held within the investment portfolio Options written by the Group provide the purchaser with the opportunity to purchase from or sell to the Group the underlying asset at an agreed-upon value either on or before the expiration of the option Options are generally settled on a net basis

During the year ended 30 November 2015 and 2014, the Group wrote covered call and put option contracts to generate revenue income for the Group The notional amount put/call options written that were open at 30 November 2015 was £9,939,000 (2014 £10,083,000)

Management of OTC financial derivative instruments

Economic exposure through option writing transactions is restricted such that no more than 30% of the Group's assets shall be under options at any given time Exposures are monitored daily by the Investment Manager, BlackRock, and its independent risk management team The Company's Board also reviews the exposures regularly

The option positions are diversified across sectors and geographies comprising 12 positions as at 30 November 2015 (2014 11)

The economic exposures to options can be closed out at any time by the Group with immediate effect Exposures to market risk and credit risk implicit within the options portfolio are given in note 17 to the Financial Statements

Collateral

The Group engages in activities which may require collateral to be provided to a counterparty ("pledged collateral") or may hold collateral received ("inbound collateral") from a counterparty The Group uses inbound collateral received from a counterparty to reduce the counterparty credit risk associated with any trading activity in which the Group has engaged

Cash collateral pledged by the Group is separately identified as an asset in the Statement of Financial Position

Inbound cash collateral received by the Group is reflected as a liability on the Statement of Financial Position as cash collateral payable The cash is subject to certain counterparty credit risk as the Group's access to its cash could be delayed should the counterparties become insolvent or bankrupt Collateral given/received in the form of securities is not reflected on the Statement of Financial Position The Group has the right to sell or re-pledge collateral received in the form of securities in circumstances such as default As at 30 November 2015, and throughout the year no collateral has been given/received in the form of securities

The fair value of inbound cash collateral and cash collateral pledged is reflected in the table below

	Pledged collateral		Inbound collateral	
	30 November 2015 £'000	30 November 2014 £'000	30 November 2015 £'000	30 November 2014 £'000
Cash collateral	1,312	1,804	–	–

Receivables

Amounts due from debtors are disclosed on the Statement of Financial Position as receivables The counterparties included in debtors are the same counterparties discussed previously under counterparty credit risk and subject to the same scrutiny by the BlackRock RQA Counterparty & Concentration Risk team The Group monitors the ageing of receivables to mitigate the risk of debtor balances becoming overdue

In summary, the exposure to credit risk at 30 November 2015 was as follows

	2015 £'000	2014 £'000
Fixed interest securities	4 430	1,815
Amount due from brokers	–	741
Prepayments and accrued income	339	273
Taxation recoverable	116	113
Cash at bank	2 935	776
	7820	3718

17. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Management of counterparty credit risk

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

The counterparty/credit risk is managed as follows

- investment transactions are carried out with a number of brokers, whose credit standard is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker,
- the Group's listed investments are held on its behalf by The Bank of New York Mellon (International) Limited as the Group's custodian (as sub-delegated by the Depositary) Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed
- transactions involving derivatives are either exchange traded where the relevant exchange guarantees settlement or on an over-the-counter basis Transactions are entered into only with those counterparties approved by the credit department of the Investment Manager Counterparties are selected on the basis of a number of risk migration criteria designed to reduce the risk to the Group of default,
- the creditworthiness of financial institutions with whom cash is held is reviewed regularly by the Investment Manager,
- all transactions in listed securities are settled on a payment against delivery basis using approved brokers 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 purchase once the securities have been delivered by the broker The trade will fail if either party fails to meets its obligation

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 auditor This report sets out any exceptions or issues noted as a result of the auditor's review of the custodians control processes,
- the Manager's SOC 1 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

Offsetting disclosures

In order to better define its contractual rights and to secure rights that will help the Group mitigate its counterparty risk, the Group may enter into an ISDA Master Agreement or similar agreement with its OTC derivative contract counterparties An ISDA Master Agreement is an agreement between the Group and the counterparty that governs OTC derivatives and foreign exchange contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event Under an ISDA Master Agreement, the Group has a contractual right to offset with the counterparty certain derivative financial instruments payables and/or receivables with collateral held and/or posted and create one single net payment in the event of default including the bankruptcy or insolvency of the counterparty However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events

For financial reporting purposes, the Group does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statements of Financial Position The disclosures set out in the following tables include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement

At 30 November 2015 and 2014, the Group's derivative assets and liabilities (by type) are as follows

	At 30 November 2015		At 30 November 2014	
Derivatives	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Written option contracts	–	(623)	–	(481)
Total derivative assets and liabilities in the Statements of Financial Position	–	(623)	–	(481)
Total assets and liabilities subject to a master netting agreement	–	(623)	–	(481)

The following table presents the Group's derivative liabilities by counterparty, net of amounts available for offset, under a master netting agreement and net of any related collateral paid by the Group at 30 November 2015

Counterparty	Derivative liabilities subject to a master netting agreement by a counterparty	Derivatives available for offset	Non-cash collateral given	Pledged cash collateral	Net amount of derivative liabilities
	£'000	£'000	£'000	£'000	£'000
At 30 November 2015 – Bank of America Merrill Lynch	(543)	–	–	543	–
– Morgan Stanley	(80)	–	–	–	(80)
At 30 November 2014 – Bank of America Merrill Lynch	(481)	–	–	481	–

The Group does not hold any derivative assets

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities The Company is also exposed to the liquidity risk for margin calls on derivative instruments At the year end, the Group had an overdraft facility of £20 million (2014 £20 million)

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 30 November 2015 and 2014, based on the earliest date on which payment can be required, were as follows

2015	3 months or less	Not more than one year	More than one year	Total
	£'000	£'000	£'000	£'000
Derivative financial instruments – written options	(623)	–	–	(623)
Amounts due to brokers and accruals	(754)	(416)	–	(1,170)
Bank overdraft	(3,089)	–	–	(3,089)
	(4,466)	(416)	–	(4,882)

2014	3 months or less	Not more than one year	More than one year	Total
	£'000	£'000	£'000	£'000
Derivative financial instruments – written options	(481)	–	–	(481)
Amounts due to brokers and accruals	(1,544)	(364)	–	(1,908)
Bank overdraft	(3 676)	–	–	(3,676)
	(5,701)	(364)	–	(6,065)

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, timely sale of trading positions can be impaired by many factors including decreased trading volume and increased price volatility As a result, the Group may experience difficulties in disposing of assets to satisfy liquidity demands Liquidity risk is not significant as the Group's assets are investments in listed securities that are readily realisable

17. RISK MANAGEMENT POLICIES AND PROCEDURES continued

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

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

d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Statements of Financial Position at their fair value (investments, the subsidiary and derivatives) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts) IFRS 13 requires the Group 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 Group are explained in the accounting policies note to the Financial Statements on pages 44 to 46

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 as follows

The fair value hierarchy has the following levels

Level 1 – Quoted market price in an active market for an identical instrument These include exchange traded derivative option contracts A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis

Level 2 – Valuation techniques used to price securities based on observable inputs This category includes quoted prices for similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data At the year end, over the counter derivative options contracts were valued based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Group There have been no changes to the valuation technique since prior year

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

Level 3 – Valuation techniques using significant unobservable inputs This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active 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 in its entirety

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability

The determination of what constitutes "observable" requires significant judgement by the manager The 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 investment in the subsidiary is classified within Level 3 since the subsidiary is not an open ended entity The fair value of the investment in subsidiary is calculated based on the fair value of the underlying balances within the subsidiary Therefore, no sensitivity analysis has been presented

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

Financial assets at fair value through profit or loss at 30 November 2015 – Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity and debt investments	69,610	–	–	69,610
Liabilities				
Derivative financial instruments – written options	–	(623)	–	(623)
	69,610	(623)	–	68,987

Financial assets at fair value through profit or loss at 30 November 2015 – Company	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity and debt investments	69,610	–	1,544	71 154
Liabilities				
Derivative financial instruments – written options	–	(623)	–	(623)
	69,610	(623)	1,544	70 531

Financial assets at fair value through profit or loss at 30 November 2014 – Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity and debt investments	99,054	–	–	99 054
Liabilities				
Derivative financial instruments – written options	–	(481)	–	(481)
	99,054	(481)	–	98 573

Financial assets at fair value through profit or loss at 30 November 2014 – Company	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity and debt investments	99,054	–	1 306	100 360
Liabilities				
Derivative financial instruments – written options	–	(481)	–	(481)
	99 054	(481)	1,306	99,879

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

Level 3 Financial assets at fair value through profit or loss at 30 November – Company	2015 £'000	2014 £'000
Opening fair value	1,306	1,401
Purchases at cost	–	–
Disposals	–	–
Transfers from other levels	–	–
Total gains or losses included in gains/(losses) on investments in the Consolidated Statement of Comprehensive Income		
– assets disposed of during the year	–	–
– assets held at the end of the year	238	(95)
Closing balance	1,544	1,306

Notes to the financial statements continued

17. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(vii) Capital management policies and procedures

The Group's capital management objectives are

- to ensure it will be able to continue as a going concern, and
- to achieve an annual dividend target and over the long term capital growth by investing primarily in securities of companies operating in the mining and energy sectors

This is to be achieved through an appropriate balance of equity capital and gearing The Group operates a flexible gearing policy which depends on prevailing conditions

The Group's total capital at 30 November 2015 was £72,519,000 (2014 £100,372,000), comprising a bank overdraft of £3,089,000 (2014 £3,676,000) and equity shares, capital and reserves of £69,430,000 (2014 £96,696,000)

18. RELATED PARTY DISCLOSURE: DIRECTORS' EMOLUMENTS

With effect from 1 December 2014, the Board consisted of four non-executive Directors, all of whom, with the exception of Mr Ruck Keene who is an employee of the Manager, are considered to be independent of the Manager by the Board None of the Directors has a service contract with the Company For the year ended 30 November 2015, the Chairman received an annual fee of £33,000, the Chairman of the Audit and Management Engagement Committee received an annual fee of £27,000 and each of the other Directors received an annual fee of £22,000 with the exception of Mr Ruck Keene who waived his fee

The related party transactions with Directors are set out in the Directors' Remuneration Report on pages 26 to 28
At 30 November 2015, £nil (2014 £nil) was outstanding in respect of Directors' fees

19. TRANSACTIONS WITH THE AIFM AND THE INVESTMENT MANAGER

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014 BIM (UK) continues to act as the Company's Investment Manager under a delegation agreement with BFM Further details of the investment management contract are disclosed in the Directors' Report on pages 20 and 21

The investment management fee due for the year ended 30 November 2015 amounted to £881,000 (2014 £1,255,000) At the year end, £547,000 was outstanding in respect of the management fee (2014 £490,000) The management fee was until 2 July 2014 payable to BIM (UK) and thereafter to BFM

In addition to the above services, BlackRock has provided the Company with marketing services The total fees paid or payable for these services for the year ended 30 November 2015 amounted to £21,500 excluding VAT (2014 £31,800) Marketing fees of £25,400 (2014 £34,400) were outstanding at 30 November 2015

20. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 November 2015 (2014 nil)

Additional information

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

January/February

Annual results for the year ended 30 November announced and the annual report and financial statements published

March

Annual General Meeting

July

Half yearly figures to 31 May announced and half yearly financial report published

QUARTERLY DIVIDENDS

Dividends are paid quarterly as follows

Period ending	Ex-date	Payment date
28 February	March	April
31 May	June	July
31 August	September	October
30 November	December	January

PAYMENT OF DIVIDENDS

Cash dividends will be sent by cheque to the first-named shareholder at their registered address Dividends may also be paid directly into a shareholder's bank account This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC (Computershare), on 0370 707 1476, through their secure website investorcentre co uk, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending it to Computershare

Tax vouchers will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date

DIVIDEND TAX ALLOWANCE

From April 2016 dividend tax credits will be replaced by an annual £5,000 tax-free allowance on dividend income across an individual's entire share portfolio Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances The Company will continue to provide registered shareholders with 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

This change was announced by the Chancellor, as part of the UK government Budget, in July 2015 If you have any tax queries, please contact a Financial Advisor

DIVIDEND REINVESTMENT SCHEME (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company Dividend reinvestment forms may be obtained from Computershare Investor Services PLC on 0370 707 1476 or through their secure website, investorcentre co uk Shareholders who have already opted to have their dividends reinvested do not need to reapply

SHARE PRICE

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

ISIN/SEDOL NUMBERS

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

ISIN	GB00B0N8MF98
SEDOL	B0N8MF9
Reuters Code	BRCI L
Bloomberg Code	BRCI 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

For existing shareholders the Company's registrar, Computershare, has an internet and telephone share dealing service The telephone share dealing service is available on 0370 703 0084 To access the internet share dealing service, you will need to access computershare com/sharedealingcentre using your shareholder reference number, which can be found on paper or electronic communications that you have previously received from Computershare

Internet dealing – The fee for this service is 1% of the value of each sale or purchase of shares (subject to a minimum of £30) Stamp duty of 0 5% is payable on purchases

Telephone dealing – The fee for this service will be 1% of the value of the transaction (plus £35) Stamp duty of 0 5% is payable on purchases

CREST

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

Private investors can continue to retain their share certificates and remain outside the CREST system Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges

ELECTRONIC COMMUNICATIONS

Computershare provides a service to enable shareholders to receive correspondence electronically (including annual and half yearly financial reports) if they wish If a shareholder opts to receive documents in this way, paper documents will only be available on request (unless electronic submission fails, in which case a letter will be mailed to the investor's registered address giving details of the website address where information can be found online) Shareholders who opt for this service will receive a Notice of Availability via e-mail from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and printed For more information, to view the terms and conditions and to register for this service, please visit Computershare's internet site at investorcentre co uk/ecomms (you will need your shareholder reference number)

ELECTRONIC PROXY VOTING

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at eproxyappointment com using 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

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

- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available, and

- that investors in the BlackRock Investment Trusts Savings Plan and NISA are automatically sent shareholder communications, including details of general meetings, together with a form of direction to facilitate voting and to seek authority to attend

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

PUBLICATION OF NAV/PORTFOLIO ANALYSIS

The NAV per share of the Company is calculated and published 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 blackrock co uk/brci 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 on the BlackRock website at blackrock co uk/brci

The financial statements and other literature are published on the website Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at investorcentre co uk

To register on Computershare's website you will need your shareholder reference number 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

SAVINGS PLAN

The Company participates in the BlackRock Investment Trusts Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares

Shareholders who would like information on the Savings Plan should call BlackRock free on 0800 44 55 22

STOCKS AND SHARES INDIVIDUAL SAVINGS ACCOUNTS (NISA)

NISAs are a tax-efficient method of investment and the Company's shares are eligible investments within the BlackRock Investment Trust Stocks and Shares NISA In the 2015/2016 tax year, investors will be able to invest up to £15,240 in NISAs either as cash or shares Details are available from BlackRock by calling free on 0800 44 55 22

SHAREHOLDER ENQUIRIES

The Company's registrar is Computershare Investor Services PLC Certain details relating to your holding can be checked through the Computershare Investor Centre website As a security check, specific information will need to be input accurately to gain access to your account including your shareholder reference number, available from your share certificate, tax voucher or other electronic communications received from Computershare The address of the Computershare website is investorcentre co uk Alternatively, please contact the registrar on 0370 707 1476

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

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

GENERAL ENQUIRIES

Enquiries about the Company should be directed to

The Company Secretary
BlackRock Commodities Income Investment Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone 0800 44 55 22

Enquiries about the Savings Plan or NISA should be directed to

BlackRock Investment Management (UK) Limited
Freepost RLTZ-KHUH-KZSB
PO Box 9036
Chelmsford CM99 2XD
Telephone 0800 44 55 22

Additional information

Analysis of ordinary shareholders

BY TYPE OF HOLDER

	Number of shares	% of total 2015	% of total 2014	Number of holders	% of total 2015	% of total 2014
Direct private investors	2,038,277	1 7	2 0	274	17 7	18 7
Banks and nominee companies	107,450,064	93 0	94 5	1 242	80 1	79 0
Others	6,079,659	5 3	3 5	34	2 2	2 3
	115,568,000	100 0	100 0	1,550	100 0	100 0

BY SIZE OF HOLDING

Range	Number of shares	% of total 2015	% of total 2014	Number of holders	% of total 2015	% of total 2014
1-10,000	4 903,117	4 2	5 0	1,023	66 0	70 8
10,001-100,000	11,147,995	9 6	8 0	403	26 0	21 4
100 001-1,000 000	33,688,610	29 2	29 6	94	6 1	6 0
1 000,001-5,000,000	60,773,987	52 6	52 6	29	1 9	1 7
Over 5,000 001	5 054 291	4 4	4 8	1	0 0	0 1
	115,568,000	100 0	100 0	1,550	100 0	100 0

HISTORICAL ANALYSIS

	Net assets attributable to ordinary shareholders £'000	Net asset value per ordinary share p	Ordinary share price (mid-market) p	Revenue return per ordinary share p	Dividend per ordinary share p	Total expenses as a percentage of average net assets (including operating expenses and excluding taxation)**
At launch, 13 December 2005	73,500	98 00	100 00	–	–	–
Period ended 30 November 2006	79 784	105 53	101 25	5 28	4 50	1 5
Year ended 30 November 2007	110,018	158 05	149 75	6 31	5 25	1 3
Year ended 30 November 2008	57,625	80 25	72 50	6 96	5 40	1 4
Year ended 30 November 2009	90,260	120 63	119 75	5 74	5 50	1 5
Year ended 30 November 2010	125 848	139 05	143 00	5 85	5 60*	1 4
Year ended 30 November 2011	118,642	131 08	127 75	5 88	5 75	1 3
Year ended 30 November 2012	111,663	118 47	122 75	6 10	5 90	1 3
Year ended 30 November 2013	101 830	105 79	109 50	5 87	5 95	1 4
Year ended 30 November 2014	96,696	91 95	99 00	6 20	6 00	1 5
Year ended 30 November 2015	**69,430**	**60 08**	**59 75**	**6 32**	**6 00**	**1 4**

* In addition two special dividends were also paid during the year totalling 1 52 pence per share
** Revised to conform to AIC best practice guidance

Additional information

Management & other service providers

Registered Office
(Registered in England, No 5612963)
12 Throgmorton Avenue
London EC2N 2DL

Alternative Investment Fund Manager
BlackRock Fund Managers Limited[1,3]
12 Throgmorton Avenue
London EC2N 2DL
Telephone 020 7743 3000

Investment Manager and Company Secretary
BlackRock Investment Management (UK) Limited[1]
12 Throgmorton Avenue
London EC2N 2DL

Depositary
BNY Mellon Trust & Depositary (UK) Limited[1]
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Registrar
Computershare Investor Services PLC[1]
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
Telephone 0870 707 1476

Auditor
Ernst & Young LLP
25 Churchill Place
London E14 5EY

Custodian and Banker
The Bank of New York Mellon (International) Limited[2]
One Canada Square
London E14 5AL

Stockbroker
Winterflood Securities Limited[1,2]
The Atrium Building
25 Dowgate Hill
London EC4R 2GA

Solicitor
Wragge Lawrence Graham & Co
4 More London Riverside
London SE1 2AU

Savings Plan and NISA Administrator
BlackRock Investment Management (UK) Limited[2]
Freepost RLTZ-KHUH-KZSB
PO Box 9036
Chelmsford CM99 2XD
Telephone 0800 445522

1 Authorised and regulated by the Financial Conduct Authority
2 Winterflood Securities Limited was appointed as the Companys corporate broker with effect from 2 February 2015 J P Morgan Cazenove Limited had previously provided corporate broking services to the Company
3 BlackRock Fund Managers Limited (BFM) was appointed as the Alternative Investment Fund Manager on 2 July 2014 BlackRock Investment Management (UK) Limited continues to act as the Investment Manager of the Company under a delegation agreement with BFM

Regulatory disclosures

AIFMD disclosures

REPORT ON REMUNERATION

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

Details of the BlackRock AIFM Remuneration Policy are disclosed on the Company's website at blackrock co uk/brci and have applied to the Manager since 1 January 2015, being the beginning of the first financial year of BlackRock following the Manager's authorisation as an AIFM

QUANTITATIVE REMUNERATION DISCLOSURE

Appropriate disclosures will be made in due course in accordance with FUND 3 3 5, Article 22(2)(e) and 22(2)(f) of the AIFMD and Article 107 of the Delegated Regulation

LEVERAGE

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy The Company may also employ leverage in its investment programme through foreign exchange forward contracts and may also utilise a variety of exchange traded and over-the-counter (OTC) derivative instruments such as covered put/call options 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 foreign exchange forward contracts or 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 Group and Company is disclosed in the table below

	Commitment leverage as at 30 November 2015	Gross leverage as at 30 November 2015
Leverage ratio	1 12	1 14

Further information on the calculation of leverage ratios is provided in the glossary on page 74

Other risk disclosures

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 17 to the notes to the financial statements on pages 53 to 62

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 The Company's latest Prospectus, dated 19 June 2015, sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information and is available on the Company's website at blackrock co uk/brci

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

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Kerry Higgins
Company Secretary
2 February 2016

KV Higgins

Regulatory disclosures

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) Mr Ruck Keene has waived or agreed to waive any current or future emoluments from the Company

9 8 4 (7) During the year, the Company issued shares on twenty one separate occasions and 10,410,000 ordinary shares in total with a nominal value of £104,100 were issued at an average price of 79 70 pence per share for a total consideration of £8,086,000 before the deduction of issue costs

Details of the allottees are set out in the following table

Allottee	Number of issues	Shares issued	Price range (pence)	Total consideration (£'000)	Average premium %
Winterflood Securities Limited	21	10,410,000	60 00 to 91 25	8,086	2 84

9 8 4 (8) and 9 8 4 (9) are not applicable

9 8 4 (10) As a managing director of BlackRock, Mr Ruck Keene is deemed to be interested in the Company's management agreement There were no other 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

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Kerry Higgins
Company Secretary
2 February 2016

Annual general meeting

Notice of annual general meeting

Notice is hereby given that the tenth Annual General Meeting of BlackRock Commodities Income Investment Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Monday, 14 March 2016 at 10 30 a m for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed in the case of resolutions 1 to 10, as ordinary resolutions and, in the case of resolutions 11 to 15, as special resolutions)

ORDINARY BUSINESS

1 To receive the report of the Directors of the Company and the financial statements for the year ended 30 November 2015, together with the report of the Auditor thereon

2 To approve the Directors' Remuneration Report for the year ended 30 November 2015

3 That the shareholders approve the Company's dividend policy to continue to pay four quarterly interim dividends, which in the year under review totalled 6 00p per share

4 To re-elect Dr Bell as a Director

5 To re-elect Mr Merton as a Director

6 To re-elect Mr Ruck Keene as a Director

7 To re-elect Mr Warner as a Director

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

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

SPECIAL BUSINESS

ORDINARY RESOLUTION

10 That, in substitution for all existing authorities, the Directors of the Company be and 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 shares and relevant securities in the Company (as described in that section) up to an aggregate nominal amount of £115,818 (being 10% of the aggregate nominal amount of the issued ordinary share capital, excluding any 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 2017, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the power conferred hereby had not expired

SPECIAL RESOLUTIONS

11 That, in substitution for all existing authorities and subject to the passing of the resolution numbered 10 above, 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 resolution 10 above, as if section 561(1) of the Act did not apply to any such allotment and or sales of equity securities, provided that this authority

(a) shall expire at the conclusion of the next Annual General Meeting to be held in 2017, 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 notwithstanding such expiry the Directors may allot or sell equity securities in pursuance of such offers or agreements,

(b) shall be limited to the allotment of equity securities and/or sale of equity securities held in treasury for cash up to an aggregate nominal amount of £115,818, (representing 10% of the aggregate nominal amount of the issued share capital of the Company at the date of this notice), and

(c) shall be limited to the allotment of equity securities and/or the 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

12 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 17,361,118 or, if less, that number of Ordinary Shares which is equal to 14 99% of the Company's issued ordinary share capital (excluding any treasury shares) at the date of the Annual General Meeting,

(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 Annual General Meeting of the Company in 2017 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry

All Shares purchased pursuant to the above authority shall be either

(a) cancelled immediately on completion of the purchase, or

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

13 That, in addition to the authority given to the Company to purchase its own Shares pursuant to the resolution numbered 12 above, and in accordance with the standard terms and conditions of the Company's regular tender offers, (the Terms and Conditions), the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of section 693 of the Act) of its Ordinary Shares of 1p each (Ordinary Shares), provided that

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed 20% of the Shares in issue as at 31 August 2016 (excluding any Shares held in Treasury),

(b) the price which may be paid for an Ordinary Share shall be the Tender Price (as defined in the Terms and Conditions), and

(c) the authority hereby conferred shall expire on 31 October 2016 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry

Save as expressly provided in this resolution, words defined in the Terms and Conditions shall bear the same meanings in this resolution

14 That, in addition to the authority given to the Company to purchase its own Shares pursuant to the resolutions numbered 12 and 13 above and in accordance with the standard terms and conditions of the Company's regular tender offers, (the Terms and Conditions), the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of section 693 of the Act) of its ordinary shares of 1 pence each (Ordinary Shares), provided that

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed 20% of the Shares in issue as at 28 February 2017 (excluding any Ordinary Shares held in Treasury)

(b) the price which may be paid for an Ordinary Share shall be the Tender Price (as defined in the Terms and Conditions) and

(c) the authority hereby conferred shall expire on 30 April 2017 (unless such authority is renewed prior to such time) save that the Company may, prior to sucn expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry

Save as expressly provided in this resolution, words defined in the Terms and Conditions shall bear the same meanings in this resolution

15 That the draft regulations produced to the meeting and, for the purposes of identification, initialled by the Chairman of the meeting, be adopted as the Articles of Association of the Company in substitution for, and to the entire exclusion of, the existing Articles of Association

BY ORDER OF THE BOARD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Kerry Higgins
Company Secretary
2 February 2016

Registered Office
12 Throgmorton Avenue
London EC2N 2DL

K V Higgins

Annual general meeting

Notice of annual general meeting continued

Notes

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

2 To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same must be completed and returned to the office of the Company's registrar in accordance with the instructions thereon as soon as possible and in any event by not later than 10 30 a m on 10 March 2016 (excluding non-working days) Amended instructions must also be received by the Companys registrar by the deadline for receipt of forms of proxy Alternatively you can vote or appoint a proxy electronically by visiting eproxyappointment com You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the Form of Proxy The latest time for the submission of proxy votes electronically is 10 30 a m on 10 March 2016 (excluding non-working days)

3 Completion and return of the Form of Proxy will not prevent a member from attending the meeting and voting in person

4 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

5 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

6 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 ordinary 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 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

7 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

8 Holders of ordinary shares through the Savings Schemes are entitled to attend and vote at the meeting if the voting instruction form which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon

9 Shareholders who hold their ordinary shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Companys registrar not later than 48 hours before the start of the meeting (excluding non-working days) Instructions on how to vote through CREST can be found by accessing the following website euroclear com/CREST Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically

10 If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting (excluding non-working days) 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 Companys 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 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 and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority

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

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

14 Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to
   (i) the audit of the Companys accounts (including the Auditor s report and the conduct of the audit) that are laid before the meeting, or
   (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006

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

15 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 1 February 2016, 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 1 February 2016 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital consisted of 115 818 000 ordinary shares of 1p each 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 115,818,000

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 blackrock co uk/brci

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

Glossary

NET ASSET VALUE PER SHARE ('NAV')

This is the value of the Company's assets attributable to one ordinary share It is calculated by dividing 'total equity' by the total number of ordinary shares in issue (excluding treasury shares) For example, as at 30 November 2015, total equity was £69,430,000 and there were 115,568,000 ordinary shares in issue the NAV was therefore 60 08p per ordinary share

Total equity is calculated by deducting from the Company's total assets, its current and long term liabilities and provision for liabilities and charges

DISCOUNT

Investment trust shares frequently trade at a discount to NAV This occurs when the share price is less than the NAV In this circumstance, the price that an investor pays or receives for a share would be less than the value attributable to it by reference to the underlying assets The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV For example, if the share price was 90p and the NAV 100p, the discount would be 10%

PREMIUM

A premium occurs when the 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 100p and the NAV 90p, the premium would be 11 1%

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

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

Leverage ratio = exposure net asset value

The Directive sets out two methodologies for calculating exposure These are the Gross Method and the Commitment Method The process for calculating exposure under each methodology is largely the same, except that, where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity's exposure is effectively reduced